



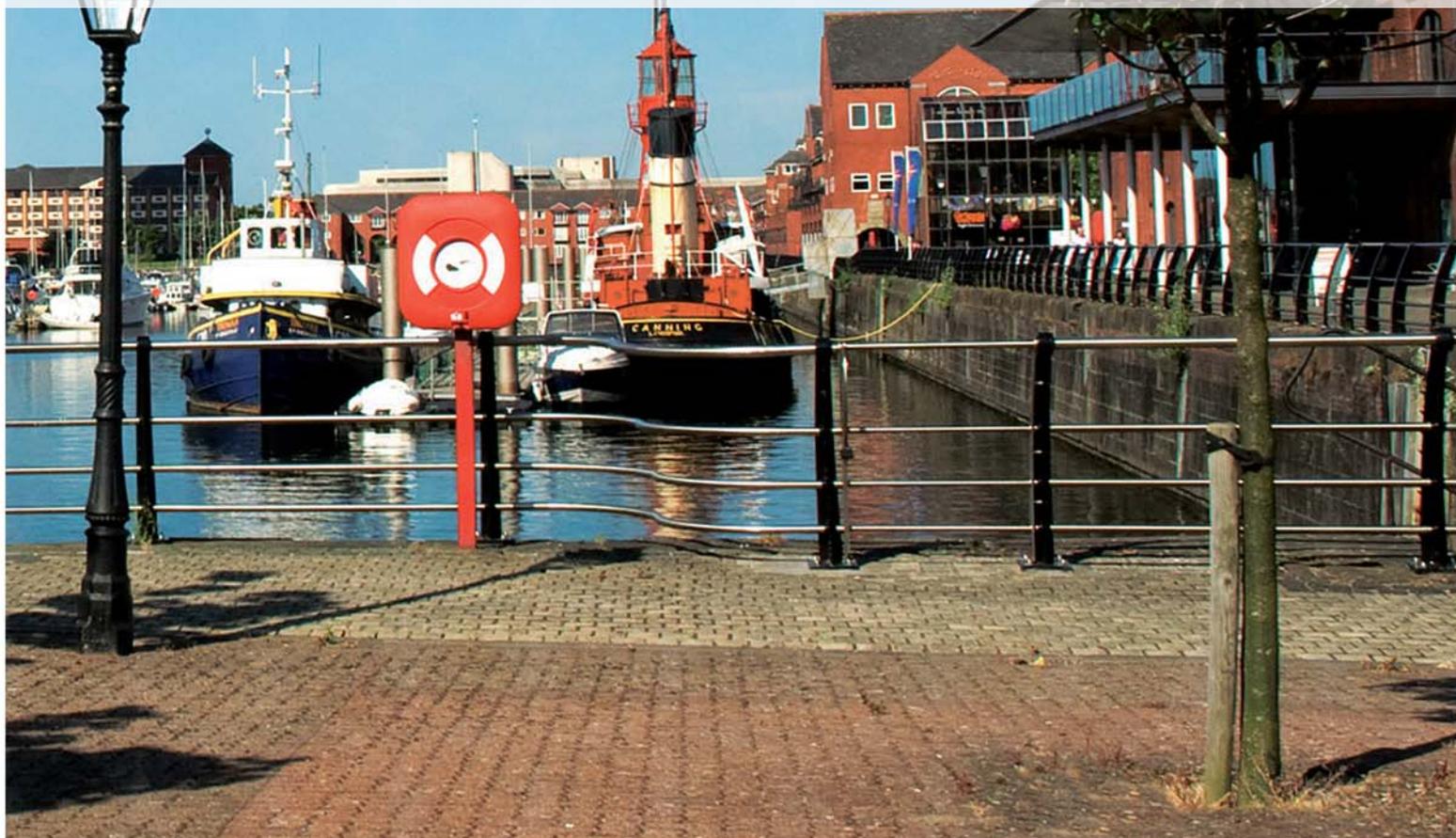
WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

City and County of Swansea

Issued: July 2013

Document reference: 241A2013



About the Auditor General for Wales

The Auditor General is independent of government and is appointed by Her Majesty the Queen. He leads the Wales Audit Office and is held accountable by the Public Accounts Committee of the National Assembly for the Wales Audit Office's work.

The Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales. He also appoints the external auditors of Welsh local government bodies, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. The Auditor General's appointed auditors are responsible for the annual audit of nearly £5.5 billion of funding that is passed by the Welsh Government to local government in the form of general and specific grants. Local government, in turn, raises a further £2.1 billion through council tax and business rates.

As well as carrying out financial audit, the Auditor General's role is to examine how public bodies manage and spend public money, including achieving value in the delivery of public services. The Wales Audit Office aims to make public money count, by promoting improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money. It is also committed to identifying and spreading good practice across the Welsh public sector.

This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Steve Barry and Samantha Spruce under the direction of Group Director, Jane Holownia.

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Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. Drawing on the work of the relevant Welsh inspectorates, as well as work undertaken on his behalf by the Wales Audit Office, this report presents a picture of improvement over the last year. The report is in three main sections, which cover the City and County of Swansea's (the Council) delivery and evaluation of services in relation to 2011-12, and its planning of improvement for 2012-13.
 - The Council is continuing to improve children's services and has made good progress in some key areas, but the number of looked-after children remains comparatively high and poses a significant challenge.
 - The Council met all of its targets and improved in all of the measures it uses to determine progress to improve learning outcomes.
 - Whilst the Council has improved the amount of waste being recycled, the rate of improvement is slow. The Council will struggle to meet future Welsh Government targets and may incur significant financial penalties as a result.
 - The Council has had some success in engaging people in its projects to improve people's employability but their impact has been limited and unemployment levels remain higher than the Welsh and UK averages.
 - The Council's arrangements for administering housing benefit are supporting improvement; current processes should ensure that timely and accurate payments are made to the right people, and the service is effective and responsive.
 - The Council has made good progress to ensure all its web pages and signage are bilingual but there have been delays in finalising the Linguistic Skills Framework.
- 2 Overall the Auditor General has concluded that: The Council is improving performance whilst taking steps to improve the culture of self-evaluation and is going through a period of change in senior management and scrutiny arrangements.
- 3 In part one of our report we conclude that the Council is making steady progress in delivering improvements in many of its priority areas but significant challenges remain, notably to improve recycling levels and maintain quality of care for both children's and adult services. We came to this conclusion because:
 - The Council is progressing with transforming the way it delivers adult social services, and whilst there has been improvement in many areas, some key challenges remain as the level and complexity of demand increases.

4 In part two, we conclude that the Council's approach to self-evaluation is improving and it is taking positive steps to report an accurate picture of performance to citizens. We came to this conclusion because we found that:

- The Council has discharged its improvement reporting duties under the Local Government (Wales) Measure 2009 (the Measure). However, it should ensure that it acts more in accordance with Welsh Government guidance.
- The Council is improving the breadth of information used to evaluate its performance, which once embedded, will enable the Council to better illustrate outcomes for citizens and communities.
- The Council's performance management arrangements are well-embedded but further work is needed to better align business plans and improvement objectives.
- The Council has effective arrangements in place to collect, record and monitor performance information.

5 Finally, in part three of the report, we concluded that the Council's arrangements for planning and supporting improvement are generally sound and it is managing a period of change in senior management and scrutiny arrangements. We came to this conclusion because we found that:

- The Council is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year.
- The Council is managing changes to its senior management structures and scrutiny arrangements.
- The Council has taken steps to address issues in the governance of its planning service that led to a statutory recommendation in 2011.
- The Council has developed a Human Resources (HR) and workforce strategy but progress to address our recommendations following our HR review two years ago has been slow as the Council still needs to focus its resources on implementing a new pay and grading structure.
- The Council continues to manage its financial challenges effectively. However, councillors face some tough decisions to address the forecast funding gap over the next four years.

Proposal for improvement

Proposals for improvement

- P1** Improve performance reporting as required by the Measure by:
- comparing performance with previous years, with other comparable bodies and including greater use of qualitative information such as benchmarking data;
 - including details of whether a collaborative activity has achieved its intended outcomes in addition to an account of the ways in which the Council has exercised its powers of collaboration; and
 - explaining the Council's views on its success in achieving each of its improvement objectives.

Detailed report

Introduction

- 6 Under the Measure, the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. [Appendix 1](#) provides more information about the Auditor General's powers and duties under the Measure. With help from Welsh inspectorates, Estyn (for education) and the Care and Social Services Inspectorate for Wales (the CSSIW), we have brought together a picture of what each council or authority in Wales is trying to achieve and how it is going about it. This report also sets out the progress the Council has made since the Auditor General published his last annual improvement report, drawing on the Council's own self-assessment.
- 7 We do not undertake a comprehensive annual review of all Council arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge, and the findings of prioritised work undertaken this year.
- 8 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- recommend to Ministers of the Welsh Government that they intervene in some way;
 - conduct a special inspection and publish the report with detailed recommendations;
 - make formal recommendations for improvement – if a formal recommendation is made the Council must respond to that recommendation publicly within 30 days; and
 - make proposals for improvement – if we make proposals to the Council, we would expect it to do something about them and we will follow up what happens.
- 9 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@wao.gov.uk or writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.

The Council is improving performance whilst taking steps to improve the culture of self-evaluation and is going through a period of change in senior management and scrutiny arrangements

The Council is making steady progress in delivering improvements in many of its priority areas but significant challenges remain, notably to improve recycling levels and maintain quality of care for both children's and adult services

The Council is progressing with transforming the way it delivers adult social services, and whilst there has been improvement in many areas, some key challenges remain as the level and complexity of demand increases

10 The CSSIW published its *Annual Review and Evaluation of Performance for 2011-2012*¹ for social services in Swansea in October 2012. The report highlights many good aspects of service delivery and notes particular areas of progress. It also outlines the challenges going forward and identifies some areas for improvement.

11 The CSSIW found that Swansea's adult services are clearly improving and are benefiting from the implementation of a number of innovative projects. The Council's particular strengths are engagement with providers and users of services, its links to community groups, access to its services and safeguarding arrangements for adults. There is clear evidence of activity to support the modernisation of adult services. This has received commitment and support from staff at all levels.

12 The CSSIW also found that the Council continues to make progress with transformation. The change programme is well managed and coordinated. There is clear evidence of a commitment from both senior and local managers to its implementation in order to reconfigure its own, health and related services. There are a number of key areas for development which include the delivery of home care services, a review of respite care services, step up and step down services and developing integrated services.

13 The Western Bay social services regional collaborative has been established to ensure that the three councils involved Bridgend, Neath Port Talbot, and Swansea and the Abertawe Bro Morgannwg University Health Board can improve services and deliver efficiencies through integrated and collaborative working. Further development of regional commissioning plans is a priority. One example is the *Closer to Home Strategy* for people with a learning disability and complex needs.

¹ www.wales.gov.uk/cssiwsite/newcssiw/publications/lareviews/20112/?lang=en

- 14 People can be assured that the council continues to support the improvement in the quality of care provided to people in both its own regulated settings and those contracted with. A key element of this is the social care workforce development programme. This is a partnership arrangement led by the council and independent providers of social care. It engages with the sector through annual surveys, provider forums, safeguarding, contract monitoring and management.
- 15 Vulnerable adults benefit from an established and robust safeguarding process. CSSIW inspectors report that care management teams respond positively and effectively to safeguarding concerns. The safeguarding team is viewed as strong and has a clear identity. The council achieves a timely response to escalating concerns and is keen to work with partner agencies. A regional review of safeguarding is underway with the move to a regional safeguarding board on the basis of the Western Bay collaborative being a possibility.
- 16 The CSSIW identified the following four areas of good practice in adult social care:
- The Council successfully piloted social opportunities clubs in local communities to address problems of social isolation for older people and those with mental health problems or learning or physical disabilities.
 - The Council has developed innovative ways of seeking the views of people with a learning disability.
 - Commissioners have been very effective in driving improvements in the domiciliary care sector. The commissioning framework is well-developed and comprehensive.
 - Ty Waunarlwydd is viewed by external stakeholders and partners as a 'centre of excellence' in dementia care.
- 17 The CSSIW also identified the following risks:
- the Council's capacity to sustain and embed change;
 - a lack of engagement with the health board in some areas of modernisation;
 - the delays in appointing a permanent Director of Social Services; and
 - changes in scrutiny arrangements need to enable effective oversight of social services to be maintained.
- 18 One of the Council's improvement objectives for 2011-12 was to ensure that younger adults, older people and carers have more choice and control over how they are supported by adult social services. The Council chose this as an improvement objective as it is facing increased demand for adult social care services as a result of the ageing population and the recognition that there is a need to move more towards community based support.

19 Overall, the Council has made mixed progress in delivering improvements in this area. For example, performance improved in the following areas:

- The Council has reduced the rate of delays in discharging patients due to social care reasons from nine per 1,000 population aged 75 or more in 2010-11 to 7.18 per 1,000 population in 2011-12. However, its performance is still significantly worse than its performance in 2009-10 where only three instances of delayed transfers of care per 1,000 population were recorded and its performance remains below the Welsh average of 5.03 per 1,000 population.
- The Council continued to improve the timeliness of completing and reviewing care plans as well as ensuring that the plans met individual needs and requirements.
- The percentage of people aged 18 to 64 who were supported within the community improved slightly, largely because there is a greater range of services available to this age range and less residential provision; community based services are also better established.

20 However, performance declined in a number of areas including:

- The Council narrowly failed to meet its target of over 80 per cent of people aged over 65 supported in the community. The Council considered this to be due to the increasing numbers of people with more complex needs, such as dementia, who tend to be cared for in residential care. At 79.32 per cent, the Council's performance continues to be lower than the Welsh average.
- Maximising independence is a fundamental element of the Council's strategy for adult social services. The rate of older people aged 65 or over helped to live at home per 1,000 population reduced from 68.87 in 2010-11 to 67.59 in 2011-12 and remains below the Welsh average of 78.6.
- Although the Council is now involved in regional arrangements to provide a more sustainable community equipment and alarms service to help people to remain at home, the Council took longer to install aids and equipment from when people were initially assessed than it did last year, seeing its performance decline from 5.5 days in 2010-11 to seven days in 2011-12. This was also longer than its five-day target.

21 The Council recognises that the measures reported in its annual review of performance are not very outcome-focused. There is scope to incorporate more qualitative information which has been included in the Director of Social Services' annual report. The Council is also planning to reintroduce quality assurance measures for people in receipt of domiciliary care which will provide more outcome-based and qualitative information. It also plans to use the work being done nationally by the CSSIW on adult social services to develop more outcome-based measures.

22 The Council faces considerable challenges in managing demand for services, but also in better understanding the increasingly complex needs of people and how this should shape services. For example, by 2030 the Institute of Public Care (IPC) anticipates 34.1 per cent more people in Swansea aged over 65 than there were in 2011, and 77.9 per cent more people aged 85 and over. The numbers of older people reporting long-term limiting illness is also predicted by IPC to increase by 35.6 per cent². The Council's transforming adult social services programme is key to ensuring that it has the services in place to respond to these challenges.

The Council is continuing to improve children's services and has made good progress in some key areas, but the number of looked-after children remains comparatively high and poses a significant challenge

23 The CSSIW's *Annual Review and Evaluation of Performance for 2011-2012* summarises that: Child and family services are making steady progress in the face of continued high demand. The workforce is stable and staff retention has been a priority. The number of children looked after has dropped during the year from 578 in 2010-11 to 554 in 2011-12, but is still high in comparison to similar councils. Supporting out of county and independent placements has created significant budgetary pressure. The council has restructured its front line services and taken care to address the consequent difficulties which emerged. The re-referral rate in children's services remains high and the number of child in need cases has increased significantly.

² www.daffodilcymru.org.uk. Version 2.0 Daffodil is a web-based system developed by the Institute of Public Care (IPC) for the Welsh Government.

- 24 The Council has appointed a new head of child and families services and the Director of social services role continues to be covered on an interim basis. Despite these changes the drive for improvement has been maintained and service delivery has not deteriorated. In the longer term the challenges posed in children's services, with the high volume and demand, will remain significant. The director's letter gives a comprehensive and accurate account of the council's performance and clearly reflects the evidence provided to CSSIW. The evidence provided by the council to support their evaluation has been clear.
- 25 The CSSIW identifies the scale of the demands facing social services, especially in children's services where there are high numbers of looked-after children and children whose names are on the child protection register, as a particular risk.
- 26 The CSSIW found that: 'There has been good progress made in both (adult and children) services in achieving most identified areas for development. The focus on reducing the looked after children's population had some success but will require continued effort. The stability of children's placements has improved significantly, and oversight of permanency arrangements continues to be work in progress. Some areas still require attention including increasing the profile of corporate parenting, reducing the numbers of out of county placements and improving the influence children and families have on the shaping and quality of children's services.'
- 27 The CSSIW noted the Council's interactive intranet guidance on policy and practice for staff in child and family services as an area of good practice.
- 28 In 2011-12, the Council set an improvement objective to ensure that vulnerable children are safeguarded and supported by maintaining and continuing improvements to child and family services. Although performance improved in five out of the eight indicators used by the Council to measure performance in this area when compared to last year, and it met its target in 71 per cent of its indicators, overall, progress in achieving this improvement objective has been mixed.
- 29 One of the Council's priority areas was early intervention and prevention to reduce the need for children and families to experience future social services intervention. The numbers of children referred to the Council increased since last year, in part due to earlier identification of support, but the Council did successfully reduce the percentage of re-referrals from 35 per cent in 2010-11 to 31 per cent in 2011-12, just missing its 30 per cent target. However, its performance remains slightly below the Wales average of 29.7 per cent. The CSSIW *Inspection of Access Arrangements for Children's Services*³, published in March 2012, found that there were no arrangements in place with partners to support and promote inclusion of children that make up a significant proportion of referrals and re-referrals. The Council was piloting new arrangements to help fill this gap.

3 www.wales.gov.uk/docs/cssiw/report/120330swanen.pdf

30 Another priority area for the Council was that children referred to child and family services have a quality and timely response. It is encouraging that there was an improvement in the numbers of children looked after by the Council having their care plans reviewed within statutory timescales from 85.4 per cent in 2010-11 to 87.5 per cent in 2011-12 and the Council met its target of 87 per cent in this area. However, the Council's performance is in the bottom quartile when compared to other Welsh councils.

31 The Council's performance in completing initial assessments within seven working days declined from 78.7 per cent in 2010-11 to 77.8 per cent and failed to meet the 80 per cent target the Council had set itself, due to the increase in numbers of children referred to the child and family services, but it remains better than the Welsh average of 69.1 per cent. Conversely, more in-depth assessments were completed on time and performance improved on previous year's from 57 per cent in 2010-11 to 68.9 in 2011-12, but remains worse than the Welsh average of 73.2 per cent.

32 Children who are looked after are supported to live within stable and permanent care arrangements was also identified as a priority area. It is positive to note that the percentage of looked-after children who had three or more placements reduced from 12 per cent in 2010-11 to seven per cent in 2011-12, taking the Council's performance to fifth best in Wales. However, the Council was not as successful as it had hoped

to be in recruiting additional mainstream carers and the multi-agency team set up to support children with complex needs to remain in their own communities was not as successful as had been hoped. Whilst the numbers of looked-after children have decreased in the past 12 months, the number is still very high when compared to the rest of Wales and given the demographics of Swansea.

The Council met all of its targets and improved in all of the measures it uses to determine progress to improve learning outcomes

33 One of the Council's key objectives is to improve learning outcomes and assist pupils to achieve their potential. The Council has focused its efforts on early intervention and prevention to reduce the impact of poverty and enable children and young people to have a positive start in life. Together with its partners, the Council has successfully increased the number of children aged up to three years old and their families involved in the *Flying Start* programme⁴ from 1,254 in 2010-11 to the maximum currently possible of 1,430 in 2011-12 by extending nursery provision at two of its primary schools: Blaenymaes and Seaview.

⁴ *Flying Start* is a Welsh Government-funded early years programme for families with children under four years of age in some of the most deprived areas of Wales.

34 The Council continues to monitor and evaluate the programme's impact and has shown that children participating in the programme have improved in areas such as speech, interaction and social skills. Each *Flying Start* setting also analyses progress and it is reported that parents have also benefited from the programme, improving their parenting skills and self-confidence. Head teachers of the schools where *Flying Start* settings are located have reported that parents are now also more engaged in schools.

35 The Council has announced plans to further increase its *Flying Start* provision to enable over 1,000 more children to benefit from the programme following the successful bid for *Flying Start Phase 2* funding from the Welsh Government.

36 The Council also focused activity on addressing the fall in school attendance levels at both primary and secondary schools over the past two years. Targeted support from the Education Welfare Service, together with sharing good practice and specific initiatives to improve attendance, have resulted in improved performance in 2011-12 at both secondary and primary school levels. However, performance was slightly below the Welsh average in three key indicators: the average point score for 15 year olds and pupil attendance at primary and secondary schools.

Figure 1 – Educational performance

Performance was slightly below the Welsh average in three key indicators

Average point score for 15 year olds		Attendance at primary school		Attendance at secondary school	
2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
372.3	423.5	92.3%	92.9%	90.6%	91%

Source: City and County of Swansea Annual Review of Performance 2011-12

- 37 Improving educational attainment at ages 7 to 11 and 14 to 16 was also a priority area for the Council. It is therefore positive to note that the percentage of pupils at key stage 2 (ages 7 to 11) achieving the required standard in core subjects English or Welsh, mathematics and science has improved from 77.5 per cent in 2010-11 to 80.8 per cent in 2011-12. Similarly, the percentage of pupils who achieved the required standard including a GCSE grade A* to C in English or Welsh first language and mathematics has increased from 52.1 per cent in 2010-11 to 53 per cent in 2011-12. Performance is better than the Welsh average in both stages. Findings from the annual All Wales Reading Test shows improved literacy in the last three years at age 11, which has impacted positively on key stage 2 results, although there were some delays in rolling out the Council's literacy strategy.
- 38 The numbers of children leaving school without a recognised qualification also reduced from 0.89 per cent in 2010-11 to 0.43 per cent in 2011-12. Moreover, through its *Keeping in Touch* project with Careers Wales West, the Council is successfully identifying and supporting those children at risk of dropping out which has helped it to reduce the rate of young people who are not in education, employment or training at age 16 for the second year running.
- 39 The Council is making some progress with its actions to support children with special education and additional learning needs to achieve their potential although many will come to fruition in 2012-13, such as the opening of the specialist teaching facility at Bishopston Comprehensive and the initiative to better support pupils at risk of exclusion.
- Whilst the Council has improved the amount of waste being recycled, the rate of improvement is slow. The Council will struggle to meet future Welsh Government targets and may incur significant financial penalties as a result.**
- 40 The Council's progress in minimising waste and increasing composting and recycling by promoting and facilitating the delivery of waste management and recycling services has been mixed.
- 41 The Council approved its *Municipal Waste Strategy 2011-2016* on 26 July 2012, a key element of which was the continued introduction of alternate weekly refuse collections across the area. It has also taken a number of steps to encourage people to recycle more by raising awareness through door knocking, holding sessions with schools, advertising campaigns, developing recycling guides and increasing the number of flats with provision for food waste collection. It has targeted its activity at those areas where the most impact could be achieved and where recycling rates were low.

Figure 2 – Waste management performance

Waste taken to landfill		Waste recycled		Public satisfaction with weekly refuse collection	
2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
59%	54.4%	40%	45.15%	61.3%	82%

Source: City and County of Swansea Annual Review of Performance 2011-12

42 Targeted activity has successfully helped the Council reduce the amount of waste taken to landfill and public satisfaction with the new alternate weekly refuse collections has also improved. However, the Council's performance in both the recycling and landfill measures is worse than the Welsh average and it will be a significant challenge for the Council to meet future Welsh Government recycling targets (52 per cent in 2013, 58 per cent in 2016 and 64 per cent in 2020), which may result in significant financial penalties for the Council (£250,000 for every one per cent short of the target). The penalties come into effect from the end of March 2013.

43 A report to the Council's Cabinet in January 2013 on proposed arrangements to improve recycling highlighted that 'the recycling target for 2013 is a key component of the Authority's Outcome Agreement with the Welsh Government, which if achieved, could contribute to securing over £2 million in grant funding'. The report also underlined that the Council's failure to achieve an earlier target under the previous improvement agreement arrangement contributed to a loss of 25 per cent of this grant.

44 The Council reduced the incidents of fly tipping from 2,934 in 2010-11 to 2,076 in 2011-12 but it cleared less of these incidents within the targeted five days in 2011-12 than it did in 2010-11. It did not meet its 90 per cent target and its performance remains in the bottom quartile when compared to other Welsh authorities. The Council aims to improve this performance through better coordination between the Street Scene and Highways Maintenance teams.

The Council has had some success in engaging people in its projects to improve people's employability but their impact has been limited and unemployment levels remain higher than the Welsh and UK averages

45 In relation to the Council's objective to improve people's employability by maximising the impact of the Council's regeneration programme to offer and facilitate training and work placements, the Council has focused its activity on two key projects: *Workways*⁵ and the *Beyond Bricks and Mortar*⁶ scheme which both aim to support people into work.

46 The Council met four out of the five targets it set itself for this improvement objective, including increasing the number of signatories to the *Beyond Bricks and Mortar* initiative from 61 in 2010-11 to 85 in 2011-12 which exceeded its target of 73. It also increased the number of public sector contracts with social benefit clauses and *Beyond Bricks and Mortar* in their contracts from nine in 2010-11 to 12 in 2011-12.

47 Conversely, whilst 201 *Workways* participants gained employment in 2011-12, this fell short of the Council's target of 285 although 74 per cent of participants surveyed did feel that the initiative had made a positive difference to their employment prospects. Participants were given opportunities to improve their employment skills through attending job interviews, courses and undertaking voluntary work.

48 Given the significant level of economic inactivity in Swansea, whilst the programmes provide valuable support to their clients, the numbers affected by the two programmes are relatively small. The following national data shows a mixed picture:

- According to the Office of National Statistics Information Service (NOMIS)⁷ the level of unemployment in Swansea increased slightly from 9.4 per cent in March 2011 to 9.6 per cent in March 2012. It should be noted that unemployment levels for Swansea have fluctuated between 8.9 per cent and 10.1 per cent in the past two years. The latest figure on NOMIS shows that unemployment stands at 8.9 per cent as of September 2012, down from 10.1 per cent in September 2011 and the lowest recorded level for Swansea for the past two years. Nevertheless, the unemployment rate in Swansea remains above both the Welsh average of 8.4 per cent and UK average of 7.9 per cent.

5 *Workways* tackles the barriers that prevent individuals from finding employment. The project provides support with job searching, CVs, application forms, interview skills, telephone techniques and access to training. Participants are also matched with local businesses, helping them gain the vital experience needed to find long-term employment. Led by Neath Port Talbot Council in collaboration with Carmarthenshire, Pembrokeshire and City and County of Swansea, the South West *Workways* project is backed with almost £13 million from the European Social Fund through the Welsh Government.

6 The City and County of Swansea's *Beyond Bricks and Mortar* initiative aims to make social regeneration and creations of jobs part of any major building contract.

7 NOMIS is a web-based database of labour market statistics.

- The percentage of people claiming Job Seekers Allowance has increased slightly from 3.3 per cent in May 2011 to 3.4 per cent in May 2012, but it continues to be below the Welsh average of 3.9 per cent and UK average of 3.7 per cent.
- The percentage of claimants of incapacity benefits and Employment and Support Allowance has decreased from 9.8 per cent in May 2011 to 9.6 per cent in May 2012 but it is higher than the Welsh average of 8.8 per cent and UK average of 6.3 per cent.

49 As measures of success, the City and UK Competitiveness Indices⁸ are considered to be good barometers to judge how well regions in the UK are performing in attracting new private sector investment as well as supporting existing businesses to flourish. Because the index is published every two years, data is not available to make an assessment for 2011-12. The index shows that the area covered by the City and County of Swansea ranked 38 out of 43 cities in the UK in 2010, an improvement on its 40th position in 2008. The Swansea region was ranked 310 out of the 379 regions in the UK Competitiveness Index, an improvement on its 334 position in 2008. It is ranked 11 out of 22 councils in Wales, improving from its position of 14 out of 22 in 2008.

The Council's arrangements for administering housing benefit are supporting improvement; current processes should ensure that timely and accurate payments are made to the right people, and the service is effective and responsive

50 Processing times for both new housing benefit claims and changes in circumstances are shorter than the Welsh average, and the percentage of new claims decided within 14 days is also better than the national average. The percentage of new claims outstanding for over 50 days is lower than the Welsh average. The service has a high level of accuracy in claims processing. The service has increased the number of fraud investigations and successful sanctions and the number of fraud referrals fell slightly in 2011-12. The total number of applications for reconsideration or revision has fallen, however the time taken to deal with these has increased. An increased number of appeals were received during 2011-12 but these are dealt with quickly. The percentage of overpayments identified and recovered was lower than in the previous year, and below the Welsh average.

⁸ The indices benchmark the competitiveness of the UK's regions and localities. They measure the capability of an economy to attract and maintain firms with stable or rising market shares in an activity while maintaining stable or increasing standards of living for those who participate in it.

The Council has made good progress to ensure all its web pages and signage are bilingual but there have been delays in finalising the Linguistic Skills Framework

- 51 The role of the Welsh Language Commissioner (the Commissioner) was created by the Welsh Language (Wales) Measure 2011. Over time, new powers to impose standards on organisations will come into force through legislation. Until that time, the Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993. The Commissioner works with all local authorities in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of local authorities to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every local authority is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required. The Commissioner's full report is available at www.comisiynyddygybraeg.org. A summary of the Commissioner's comments in relation to Swansea are as follows:
- 52 The work of preparing a Linguistic Skills Framework, which would provide guidance on planning a bilingual workforce, has been delayed because the Council has been unable to conduct a skills audit of its current staff. It is expected for this piece of work to be completed shortly, and it will enable the Council to complete and implement a Language Skills Strategy. The Council has revised its corporate complaints process and it will improve its understanding of the implementation of its Welsh Language Scheme. The Council has arrangements in place for the management and administration of the Language Scheme which include written guidance on the intranet and ensuring that appropriate officers are available to contribute to the impact assessment process of new policies on the Welsh language. The Council also makes use of internal working groups to mainstream the Welsh language.

The Council's approach to self-evaluation is improving and it is taking positive steps to report an accurate picture of performance to citizens

- 53 In response to *Local Government (Wales) Measure – 2012 Implementation Guidance* the Council has recognised that in addition to measuring quantitative improvements in performance and asking service users how well they have performed, the Council is endeavouring to establish whether anyone is better off. In order to do this, the Council has adopted Results Based Accountability (RBA) as a corporate approach to performance management.
- 54 In preparation for this, the Council radically changed the format of the 2011-12 performance report to better present RBA performance information and has attempted as far as possible with available information to affirm whether people are 'better off'.
- 55 Since then, the Council has demonstrated its commitment to embedding this new approach. It has embarked on a programme of workshops with each outward-focused service area to enhance understanding of the underlying principles of RBA and attempt to distinguish between performance and population outcomes, in particular those outcomes relevant to the Council's improvement objectives.
- 56 The series of workshops are now complete and the collation of outcomes will be used to inform future performance reporting.
- 57 In addition, the Council is in the process of reviewing its website to explore how best to present this assessment on the internet in a user-friendly and interactive way using innovations like hot buttons.
- 58 In October 2012, the Council adopted a new scrutiny framework which saw the previous service-related scrutiny boards replaced with one Scrutiny Programme Committee. We will be reviewing the effectiveness of this new arrangement in the year to come. This committee has a cross-cutting and coordinating role and has many functions including:
- managing the scrutiny work programme;
 - establishing informal panels and working groups to undertake specific scrutiny activities;
 - appointing councillors as 'scrutiny conveners' to chair and lead these panels/working groups;
 - holding Cabinet members to account in a formal public setting;
 - asking questions on a broad range of policy and service issues;
 - examining annual performance reports;
 - considering major draft policies/plans/strategies and/or reviews;
 - meeting the Council's statutory responsibilities for overview and scrutiny, including performing the crime and disorder scrutiny function;
 - monitoring of recommendations/action plans (eg, follow up on previous scrutiny reports, audit/inspection reports);
 - coordinating pre-decision scrutiny; and
 - responding to urgent issues and referrals from Council.

59 All scrutiny activity is managed by this committee through a single work plan. Specific work is undertaken both through the committee and by establishing informal panels (for in-depth activities) or working groups with conveners appointed by the committee. It is intended that the use of panels will ensure that scrutiny is both flexible and responsive. There are two types of panel:

- Inquiry panels which undertake discrete, in-depth inquiries into specific and significant areas of concern on a task and finish basis. These will be significant topics concluding in a final report at the end the inquiry, informed by the extent of evidence gathered. The committee determines the aim of each of the inquiries, and sets clear time-limits for the panel to carry out and complete the inquiry.
- Performance panels provide in-depth monitoring and challenge for clearly defined service areas. Performance panels are expected to have ongoing correspondence with relevant cabinet members in order to share views and recommendations, arising from monitoring activities, about the service.

The Council has discharged its improvement reporting duties under the Local Government (Wales) Measure 2009. However, it should ensure that it acts more in accordance with Welsh Government guidance.

60 In our December 2012 *Improvement Assessment Letter* to the Council, we reported that the Council discharged its improvement reporting duties under the Measure with the publication of its *Annual Review of Performance 2011-12*. However, it should act more in accordance with Welsh Government guidance by:

- comparing performance with previous years and with other comparable bodies;
- making greater use of qualitative information, including details of whether a collaborative activity has achieved its intended outcomes; and
- specifically explaining the Council's views on its success in achieving each of its improvement objectives.

The Council is improving the breadth of information used to evaluate its performance, which once embedded, will enable the Council to better illustrate outcomes for citizens and communities

- 61 Our review of the Council's *Annual Review of Performance 2011-12* (the Review) concluded that overall it provided a balanced picture of performance and the structure of the Review reflects a new approach to performance review which, once embedded, will enable the Council to illustrate outcomes for citizens and communities. We also found that the Review provides a high-level overall assessment of 'good progress' for all improvement objectives but does not give a clearly supported view of its assessment of its performance for each of its improvement objectives for 2011-12. There is a great deal of information to support an evaluation, but it has been left to the reader to form their own opinion on whether the Council has made good progress in achieving specific improvement objectives. We also praised the Council for the innovative ways it had promoted the Review to increase access to a wide audience.
- 62 Our review of a sample of service areas identified some instances where progress reported does not provide a complete and accurate picture of performance. For example, under the waste and recycling improvement objective, the Review does not highlight the fact that there have been difficulties getting charities to register for the reuse/recycling credits scheme and so the number registered is low.
- 63 The Measure encourages councils to report performance beyond its improvement objectives. The report focuses on activities and measures to support its improvement objectives, and does not cover other key areas, such as housing. Given that the Council still retains its housing stock of 13,500 council-owned houses and flats and is working to meet the Welsh Housing Quality Standard by 2022. Performance in this area is therefore likely to be of interest to the Council's citizens and communities, particularly its tenants, a significant user group.
- 64 The Council has a robust process for developing its annual review of performance, making use of information such as reports to Corporate Management Team, Cabinet, scrutiny, and monthly Performance and Financial Monitoring (PFM) meetings throughout the year. Officers responsible for improvement objectives are also required to complete a proforma outlining their assessment of the performance against the objective at the beginning of the calendar year and to provide detailed evidence to support their judgements. We have provided the Council with some feedback from our review of a sample of improvement objectives on how this process could be improved.
- 65 The Council is developing an RBA approach to performance management and structured its *Annual Review of Performance 2011-12* to answer the following questions in respect of each of its improvement objectives:
- 'What have we done?'
 - 'How well are we doing?'

- 'What is the impact?'
- 'Is anyone better off?'

66 On the whole, the narrative under these questions reflects performance against indicators or highlights future actions, but does not always go on to identify the actual outcome for service users. This is primarily because the Council is in the process of developing this style of reporting and has not traditionally captured the necessary information. The Corporate Business Management Team has been working with service delivery teams to develop measures that teams will use in the future that will better demonstrate the outcomes experienced by service users and other stakeholders.

67 The CSSIW *Annual Review and Evaluation of Performance 2011-12* which reviewed the interim Director of Social Services' annual report concluded that the annual report: 'Gives a comprehensive and accurate account of the council's performance and clearly reflects the evidence provided to the CSSIW. The evidence provided by the council to support their evaluation has been clear.' The CSSIW later noted: 'In recent years Swansea has been recognised for the quality and rigor of its scrutiny arrangements. The Council will need to ensure the new arrangements remain robust and effective especially as social services become absorbed into a broader themed approach. This will be an area which the CSSIW will monitor in the coming year.' The CSSIW identified the following related risk: ensuring changes in scrutiny arrangements enable effective oversight of social services to be maintained.

The Council's performance management arrangements are well-embedded but further work is needed to better align business plans and improvement objectives

68 The Council's performance indicators are monitored and reported on a quarterly and annual basis to the Corporate Management Team, Cabinet and until October 2012, the Council's scrutiny and overview boards. We will continue to monitor the development of the Council's performance management arrangements in the year to come.

69 The quarterly performance bulletins that the Council use to monitor its performance are available to the public via the Council's 'performance and improvement' web pages on the Council's website. Our review of a sample of these bulletins shows that they provide a significant amount of detail such as performance against prior year, performance against targets and explanations about declining performance. From Quarter 3 onwards, quarterly performance reports provided comparative information with other Welsh councils. These bulletins are not focused specifically on progress with the Council's improvement objectives which is reported elsewhere; rather they provide performance information on a range of Council services and functions.

70 Similarly, performance reports to members present progress with performance indicators rather than against the actions and measures set out in the Council's corporate improvement plan. We noted in our *Annual Improvement Report* issued

to the Council in January 2012 that there was no mechanism in place to enable the Council to directly monitor progress against the improvement plan as a whole during the year and that this only takes place at year-end to inform the production of the Council's annual review of performance. As of April 2012, progress against the Council's improvement objectives was being monitored by the Corporate Management Team and the Strategic Programme Board.

- 71 The Council's approach to monitoring corporate and strategic projects, such as the transforming adult social services, is well-embedded. The Strategic Programme Board continues to monitor these projects on a monthly basis and officers are very familiar with this approach. The Council has continued to refine its business planning arrangements with greater integration of workforce planning. The work to instil an RBA approach across the organisation will also help to improve the quality of these business plans.
- 72 Our review of a sample of services found that there is scope to strengthen the alignment of business plans to improvement objectives identified in the corporate improvement plan and annual review of performance. In adult services, for example, these links have not been made explicit and the service has recognised that there is a need to better align its business plan to the corporate plan. Not all services have adopted the corporate approach to business planning. Adult services, for example, developed a strategic delivery plan whilst waste management produced

an 'activity analysis' which is used as the main tool to monitor progress against key actions and measures. We understand that a mixed approach is supported by senior management but it is important that these plans do clearly link to the Council's priorities and improvement objectives where appropriate.

The Council has effective arrangements in place to collect, record and monitor performance information

- 73 The Council has well-established systems for reporting its performance and we have audited a sample of measures used by the Council to assess how reliable these systems are. The measures we selected for audit were a mixture of national strategic indicators, public accountability measures, service improvement data sets and local measures developed by the Council. All those audited are measures the Council uses to judge how well it is delivering its improvement objectives and whether it is making a difference for its citizens.
- 74 Our review of the Council's arrangements for producing performance indicators found systems were reliable. All aspects critical to the compilation, use and reporting of indicators were in place. The main gap in performance information related to the measurement of 'outcomes'.
- 75 We found that the Council overall had effective systems in place to manage performance information. We audited 17 measures; none were qualified and three were amended.

The Council's arrangements for planning and supporting improvement are generally sound and it is managing a period of change in senior management and scrutiny arrangements

The Council is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year

- 76 The Council met its statutory obligations by publishing its *Corporate Improvement Plan 2012-13* which set out its improvement objectives for 2012-13 in June 2012.
- 77 The May elections resulted in a change in political leadership of the Council. The new administration retained the existing objectives for 2012-13. It is in the process of aligning its election manifesto commitments with financial and service plans to support the delivery of its priorities and objectives for the period 2013 to 2017.
- 78 The Council's rationale for its improvement objectives is outlined in the Council's *Corporate Improvement Plan 2011-12*. In setting its improvement objectives, the Council took account of national priorities, the community plan, the shared vision for Swansea, findings from inspections and importantly, findings from consultation with the Council's citizen's panel, Swansea Voices, which was specifically consulted on the improvement objectives for 2011-12.
- 79 The Welsh Government's guidance states that improvement objectives should be legitimate, clear, robust, deliverable and demonstrable. Whilst the Council's plan and its improvement objectives do cover these aspects, the Council acknowledges that it needs to develop a more outcome-based approach to measuring performance as the Council has only included performance indicators in its sections within its *Corporate Improvement Plan 2012-13* to show how it will determine 'how well are we performing?' or 'is anyone better off?' It has not for example, included a wider range of information sources, such as more information from surveys and focus groups, which may also provide more qualitative information to help the Council to determine the impact of its actions on its citizens and service users.
- 80 The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 sets out specific requirements for local authorities in Wales. They are required to develop and publish equality objectives and a strategic equality plan by 2 April 2012. There is significant alignment between the requirement to produce equality objectives and the 'fairness' element that authorities must pay consideration to in setting improvement objectives under the Measure. Our review of the Council's improvement objectives found that the evidence base set out in the *Corporate Improvement Plan 2012-13* does not explicitly include equality information, or how the impact on the equality agenda will be measured. However, links to the relevant equality objectives identified in the Council's Equality Scheme are specifically highlighted for each improvement objective.
- 81 The Council is making good progress in developing its corporate improvement plan for 2013-2017. The draft plan currently has eight improvement objectives. The Council has recently consulted the public on its improvement objectives as required by the Measure.

The Council is managing changes to its senior management structures and scrutiny arrangements

- 82 The Council is in the process of making changes to its senior management structure which will see the number of first and second-tier posts reduce from 24 to 22. In 2008, there were 32 senior management posts. The restructure aims to provide greater focus on the Council's key priorities and themes as well as addressing the departures of the Director of Education and interim Director of Social Services. Recruitment and appointment processes are currently underway. The new portfolios are less traditional and thematically focused on people, place and stronger and safe communities.
- 83 In tandem with these management changes, the Council has also made quite radical changes to its scrutiny arrangements, reducing its scrutiny and overview boards from four to one. This single Scrutiny Programme Committee will manage all the scrutiny work to ensure that work is cross-cutting and not restricted to departmental silos. The remit and responsibilities of the new scrutiny committee, therefore, is considerable. Informal inquiry panels to review areas of particular interest may still be set up and will be appointed and monitored by the new scrutiny committee. Examples of previous inquiry panels include looked-after children, and attainment and well-being. This is the second change to the Council's scrutiny arrangements in less

than 12 months. The Council has recently participated in the scrutiny peer observation programme facilitated by the Wales Audit Office. We will report more fully on these changes later in the year.

The Council has taken steps to address issues in the governance of its planning service that led to a statutory recommendation in 2011

- 84 In 2011, we issued a statutory recommendation relating to Planning Committee arrangements put in place by the previous administration. We concluded that these arrangements did not form part of a consistent and coherent approach to service improvement, represent good value for money, contribute to more efficient ways of working or represent good governance. The key findings that led to the statutory recommendation were that:
- In 2010, members had increased the number of committees from two to four contrary to the advice of the Wales Audit Office, external consultants and earlier findings from an internal working group. No rationale was put forward for the decision which was taken without reference to the anticipated benefits, potential costs, risks or probity considerations.
 - The increase in the number of planning committees did not represent good value for money or contribute to more efficient ways of working.

- The new committee arrangements did not represent good governance. In particular, the area committee focus on local ward issues and small-scale development was in direct conflict with the Council's stated aim to develop a more strategic role for the planning service in supporting its strategic regeneration objectives for the city.
- 85 During 2012, we undertook a further review to determine if the weaknesses identified previously were being addressed and concluded that the Council had taken reasonable steps to resolve the issues that had led to the statutory recommendation.
- 86 Following its election in May 2012, the Council charged the Chief Executive to consider the criticisms previously made and make recommendations to Council within six months. In response, the Chief Executive set up an improvement board, comprising the Chief Executive and relevant senior officers. At member level, a Planning Services Leadership Group, Chaired by the Leader and including the Deputy Leader, Cabinet member for Place and the Chair of the Development Management and Control Committee was formed to provide a clear political lead.
- 87 Having considered options presented in a report by the Chief Executive, on 22 November 2012 the Council resolved to retain a structure of an overall Development Management and Control Committee and two area development and management control committees. Members sit on the main committee and on the area committee within which their ward lies. The resolution of the Council includes provision for review 'of performance at the end of each financial year, and that a further review of the structure is made in the light of future published Welsh Government guidance when that guidance becomes available'.
- 88 All three committees are chaired by the Chair of the Development Management and Control Committee who, amongst other responsibilities as Chair, is charged with ensuring members exercise their quasi-judicial role, when taking decisions at committee. The Council has amended its Constitution to give the Chair powers to review and overrule call-ins to committee by ward members, with provision for a panel to adjudicate in the case of disputes. Since the May 2012 elections, all members have received basic training and this has been supplemented by more detailed briefing on the planning law relating to specific applications (most recently regarding a wind farm application) prior to decision making.
- 89 We found that the Council has made improvements to the way the performance of the planning service can be evaluated and is introducing an RBA approach to performance management. The performance information now available includes service delivery data as well as overall information about the proportion of applications considered by members and those where members do not accept officer recommendations. As a result of the focus on this particular service, lessons are being learned and the RBA approach is now being adopted as the corporate performance management tool.

90 The Council has also recognised the potential for improving the layout of the chamber used for holding planning, and other meetings, and is considering ways in which proceedings can be made clearer for those observing in the public gallery.

The Council has developed a HR and workforce strategy but progress to address our recommendations following our HR review two years ago has been slow as the Council still needs to focus its resources on implementing a new pay and grading structure

91 The Council is continuing to make progress with addressing our recommendations following our review of HR in 2010 and our follow-up in May 2011. However, progress has been slow as the Council has needed to continue to focus its resources on implementing a new pay and grading structure.

92 Nevertheless, it is positive to note that the Council has now developed a HR and workforce strategy which is due to be approved by Cabinet at the end of March 2013. The strategy was developed following workshops with key stakeholders from across the Council. Our initial review of this draft strategy found that it is robust and the alignment with the corporate plan and objectives is good. An action plan has also been prepared which will help prioritise the actions contained in the strategy. The Council's Workforce and Efficiency Programme Board will be the key mechanism for monitoring the implementation of the strategy.

93 A Head of HR post has been included in the new management structure adopted by the Council. Responsibilities of this post will include occupational development and workforce planning. The post will report to the new post of Director of Corporate Services. This will come into effect from 1 April 2013.

94 The Council has not yet developed a comprehensive suite of indicators to monitor the effectiveness of the HR function but is involved in the Head of HR network which is in the process of developing a national data set which, when agreed, the Council will seek to use.

95 Each service's business plans now include a section providing an overview of workforce data. The template for this information has been improved this year to facilitate greater consistency across the business plans. This workforce information will be reviewed by the Council's HR service and used to inform its corporate workforce plan. Given the Council's ageing workforce, it recognises that this information is important to inform its succession planning. The HR service provides an update on the Council's workforce plan and highlights the key risks twice a year to the Workforce and Efficiency Project Board, Strategic Programme Board and Corporate Management Team.

96 Our follow-up review identified that the organisational development capacity of the Council remains relatively underdeveloped. An options appraisal and project initiation document are now being developed to identify how this can be addressed as the Council's expertise remains spread across the organisation.

The Council continues to manage its financial challenges effectively. However, councillors face some tough decisions to address the forecast funding gap over the next four years.

- 97 We have concluded previously that the Council has a good understanding of its financial situation and, with continuing clear leadership, will remain well-placed to address its financial challenges. This remains the case, but the scale of these financial challenges is significant.
- 98 For a number of years, an annual revenue budget, capital budget and a medium-term financial plan have been produced annually by the Council as part of an established suite of budget papers approved by members each spring, which are used and reported upon throughout the year. Risk areas, such as pressures in child and family services and the implementation of a compliant pay and grading scheme for staff, are highlighted in the budget papers and the Council has a contingency fund to enable it to manage the impact of such risks and uncertainties.
- 99 The Council is forecasting a £5 million overspend on service budgets in 2012-13, mainly due to the budgetary pressures continuing to be experienced within social services of a greater increase in the number of supported adult placements and looked-after children than had been assumed for the year. The Council is able to fund this overspend in 2012-13 through the use of its £8 million contingency fund and has increased its budgets in these areas for 2013-14 to be able to meet what it forecasts will be the realistic level of demand in 2013-14. Into the medium term, an assumption has been made, and reflected in the medium-term financial plan, that the number of looked-after children will reduce from circa 580 in March 2013 to 420 in March 2017, which is reported to be a position more comparable with UK averages. It is recognised by the Council that there is a financial risk if this is not achieved.
- 100 The Council approved the revenue budget for 2013-14 in February 2013. The report forecasts a shortfall of £7.7 million for the year, which is planned to be met by:
- savings and income increases totalling £2.5 million;
 - a 3.8 per cent council tax increase which equates to £3.8 million; and
 - a one-off use of general reserves of £2.2 million, which is making partial use of a £4.6 million improvement in the 2011-12 out-turn position.

101 The Council's medium-term financial plan for 2014-15 to 2016-17 identifies significant financial challenges over the next few years due to anticipated reductions in funding from government for revenue and capital expenditure and increased service demands. This is forecast to be a relatively modest shortfall of £5 million in 2014-15, but this changes rapidly to forecast shortfalls of £22 million in 2015-16 and £35 million in 2016-17. The Council has previously set out its approach to addressing the shortfall, which is to undertake a fundamental budget review immediately following agreement of the 2013-14 budget. This work will include:

- a review of the attached forecast spending increases and a consideration of options to mitigate the increases if possible;
- a fundamental review of existing budgets and in particular, a reprioritisation of available resources;
- a programme to achieve improved business efficiency and transformation; and
- a consideration of opportunities to work in partnership with other organisations where it is beneficial to do so.

102 The Council recognises that the review will inevitably result in a reprioritisation of Council budgets, spending reductions and possible cessation of some services.

103 The Council has demonstrated, through the implementation of successive medium-term financial plans and annual budgets that it can make clear choices on a timely basis to maintain its financial health. This approach will need to be maintained as the Council plans how to achieve its priorities and objectives over the medium term.

104 The auditor appointed by the Auditor General recently gave his opinion on the Council's accounts and based on this the Appointed Auditor's view is that the financial statements preparation process was generally satisfactory. [Appendix 3](#) gives more detail.

Appendix 1

Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is informed by a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority's track record of improvement. This report also summarises the Auditor General's conclusions on the authority's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the relevant authorities and Ministers, and which he may publish (under section 22). This published *Annual Improvement Report* summarises audit and assessment reports including any special inspections (under section 24).

An important ancillary activity for the Wales Audit Office is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2

Useful information about the City and County of Swansea

The Council

The Council spends approximately £535.1 million per year (2012-13). This equates to about £2,242 per resident. In the same year, the Council also spent £63.1million on capital items.

The average band D council tax in 2011-12 for the Council was £1,169.22 per year. This has increased by 0.72 per cent to £1,170.06 in 2012-13. 76.7 per cent of the Council's housing is in council tax bands A to D.

The Council is made up of 72 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

- 49 Labour
- 12 Liberal Democrats
- 7 Independents
- 4 Conservative

The Council's Chief Executive and Corporate Director (Resources) is Jack Straw. He is supported by:

- Education: Ian James (Interim Corporate Director (Education))
- Environment: Reena Owen
- Regeneration and Housing: Phil Roberts
- Social Services: Phil Hodgson

Other information

The Assembly Members for Swansea are:

- Edwina Hart, Gower, Labour Party
- Mike Hedges, Swansea East, Labour Party
- Julie James, Swansea West, Labour Party
- Suzy Davies, South Wales West, Conservative Party
- Byron Davies, South Wales West, Conservative Party
- Peter Black, South Wales West, Welsh Liberal Democrats
- Bethan Jenkins, South Wales West, Plaid Cymru

The Members of Parliament for Swansea are:

- Martin Caton, Gower, Labour Party
- Sian James, Swansea East, Labour Party
- Geraint Davies, Swansea West, Labour Party

For more information see the Council's own website at www.swansea.gov.uk or contact the Council at City and County of Swansea Council, Civic Centre, Oystermouth Road, Swansea, SA1 3SN. Tel: 01792 636000.

Appendix 3

Appointed Auditor's Annual Audit Letter

Councillor David Phillips
Leader
City & County of Swansea
County Hall
Swansea
SA1 3SA

Dear Councillor Phillips

Annual Audit Letter

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

Generally, the City & County of Swansea has complied with its responsibilities relating to financial reporting and use of resources, but I have not yet been able to provide an audit opinion on the 2011/12 accounting statements as the Council is considering potential amendments to the Statement of Accounts presented for audit

It is the City & County of Swansea's (the Council's) responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

I have not yet issued an audit opinion on the 2011/12 accounting statements. This is because the accounting treatment and disclosure in respect of certain internal banking and cash management arrangements between the Council and Pension Fund is the subject of ongoing discussions between the Council and the auditor.

On the 18 September 2012, the key matters arising from the accounts audit at that stage were reported to members of the Cabinet in my Audit of Financial Statements report. A number of matters were identified, including:

- The work which had been undertaken in respect of fraud risks and a specific incidence of a management override of controls.
- Uncertainty regarding the nature and lawfulness of a £20m internal transfer of cash from the Pension Fund bank account to the Authority bank account in March 2012.
- Consideration of the impact of the auditor's opinion on the financial statements of the waste company on my opinion on the group accounts.
- Recommendations were raised regarding qualitative aspects of the Council's accounting practices and financial reporting. This included audit adjustments and changes to the narrative contained within the draft accounts.
- Weaknesses in internal controls were also identified. A controls report has been provided to officers and the Council is implementing an action plan in response, which it is intended will be monitored by the Audit Committee.
- The Whole of Government Accounts return, which provides financial information drawn from the Council's Statement of Accounts to be used by HM Treasury, cannot be finalised until the Council's Statement of Accounts have been.

I will report to the Cabinet again once the Statement of Accounts has been re-presented for audit and my work is close to conclusion. This will be ahead of the Council being asked to re-approve the accounts.

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. Overall, except for certain aspects of the internal banking and cash management arrangements between the Council and Pension Fund, I am satisfied that the Council has appropriate arrangements in place. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

I have not been able to certify completion of the 2011/12 or 2010/11 audits as, explained above, the accounting treatment and disclosure in respect of certain internal banking and cash management arrangements between the Council and Pension Fund is currently being resolved.

The financial audit fee for 2011/2012 will be higher than that set out in the Annual Audit Outline because of the additional amount of time spent during the audit of the Statement of Accounts, primarily in respect of the issue highlighted above. We will finalise the fee with officers once the outstanding accounting issues are resolved.

Yours sincerely

Lynn Pamment (PricewaterhouseCoopers LLP)
For and behalf of the Appointed Auditor

29 November 2012

cc:

Jack Straw, Chief Executive

Mike Trubey, Head of Finance (s151 Officer)

Local electors and others have a right to look at the Council's accounts. When the Council has finalised its accounts for the previous financial year, usually around June or July, it must advertise that they are available for people to look at. You can get copies of the accounts from the Council; you can also inspect all books, deeds, contracts, bills, vouchers and receipts relating to them for 20 working days after they are made available. You can ask the auditor questions about the accounts for the year that they are auditing. For example, you can simply tell the auditor if you think that something is wrong with the accounts or about waste and inefficiency in the way the Council runs its services. For more information see the Wales Audit Office leaflet, *Council accounts: your rights*, on our website at www.wao.gov.uk or by writing to us at the address on the back of this report.

Appendix 4

City and County of Swansea's improvement objectives and self-assessment

The Council's improvement objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific 'improvement objectives' or 'priorities' that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

The Council published its improvement objectives for 2011-13 in its *Doing What Matters, Corporate Improvement Plan 2012-13* and *Annual Review of Performance 2011-12* which can be found on the Council's website at www.swansea.gov.uk. They are to be found in left-hand column. The improvement priorities 2013-2017, in the right-hand column, are the Council's proposed key actions.

Key improvement objectives 2011-12	Key improvement priorities 2011-2017
Improvement Objective 1: Ensure that younger adults, older people and carers have more choice and control over how they are supported by transforming adult social services.	<p>Hospital inpatients experiencing fewer delays leaving hospital for some other form of social care.</p> <p>More people having care plans completed and reviewed promptly to ensure that they meet identified needs.</p> <p>Older people helped to live at home and within the community rather than in a care setting.</p>
Improvement Objective 2: Ensure that vulnerable children are safeguarded and supported by maintaining and continuing improvements to Child and Family services.	<p>The most vulnerable children are identified and assessed promptly for Child & Family Services.</p> <p>Arrangements are in place to help looked after children achieve stability and permanency as soon as possible.</p>
Improvement Objective 3: Improve learning outcomes and assist pupils to achieve their potential.	<p>Children and young people have improved school attendance.</p> <p>Children and young people have improved educational attainment.</p> <p>Fewer children and young people leave school with no qualifications.</p> <p>Fewer young people are Not in Education, Employment or Training at 16 years of age.</p>
Improvement Objective 4: Minimise waste and increase composting and recycling by promoting and facilitating the delivery of waste management and recycling services.	<p>Less waste sent to landfill.</p> <p>More waste recycled, composted or re-used.</p> <p>Less fly tipping.</p>

Key improvement objectives 2011-2012	Key improvement priorities 2011-2017
<p>Improvement Objective 5: Improve people's employability by maximising the impact of the Council's regeneration programme to offer and facilitate training and work placements.</p>	<p>More social benefit clauses included within regeneration contracts through the <i>Beyond Bricks and Mortar</i> scheme.</p> <p>More people entering employment as a result of their participation within the <i>Workways</i> scheme.</p>

The Council's self-assessment of performance

The Council's self-assessment of its performance during 2011-12 can be found in the same document again on the Council's website at www.swansea.gov.uk/index.cfm?articleid=50881.

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