



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report

## City and County of Swansea

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# About the Auditor General for Wales

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

Together with appointed auditors, the Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, 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.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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 Jane Holownia and supported by the work of PricewaterhouseCoopers LLP.

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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 in delivering their services. This report sets out the findings of the work undertaken on behalf of the Auditor General by the staff of the Wales Audit Office and PricewaterhouseCoopers; and also draws on the work of the relevant Welsh inspectorates. The report covers the City and County of Swansea's (the Council) delivery and evaluation of services in relation to 2012-13, its planning of improvement for 2013-14 and, taking these into account, records the Auditor General's conclusion on whether he believes that the Council will make arrangements to secure continuous improvement for 2014-15.
  - Social services made good progress in modernising its approach to adult services and strengthening delivery in children's services. Overall, given the varied nature and level of the demand the Council faced, it provided good levels of services.
  - Although recycling rates improved, the Council failed to meet the 52 per cent statutory recycling target in 2012-13 and performance continued to be poor compared to other Welsh councils.
  - The Council continued to be successful in increasing the number of participants engaged in its employability schemes and performance against key national employment data was positive.
- 2 We found that, in 2012-13, the Council made good progress in delivering improvement with the exception of recycling where the rate of improvement remained slow. We have come to this conclusion because:
  - Education services for children and young people were adequate with good prospects for improvement.
  - The Council's approach to reducing the number of young people who are not in education, employment or training (NEETs) retained a strong strategic focus and the number of NEETs in Swansea continued to decrease.
- 3 We also found that the Council has got better at reporting how well it is performing and is developing a consistent approach to evaluating itself. We came to this conclusion because:
  - the Council produced a readily accessible report about its performance but did not consistently explain how successful it had been in delivering its objectives;
  - the pace of improvement of performance reporting has been slow;
  - the Council's scrutiny arrangements are becoming more established but insufficient public information is available in advance of panel meetings;

- overall, the Council had good systems in place to produce performance indicator data and is acting to address weaknesses in target setting; and
- the Council complied with its responsibilities relating to financial reporting and use of resources.

4 Finally, we found that, during 2013-14, the Council strengthened its capacity to drive improvement by completing its management restructure and establishing a strategy for managing the significant financial challenges it faces. We came to this conclusion because:

- Revision of improvement objectives meant the Council published its corporate improvement plan later than usual.
- The Council has successfully introduced changes to its senior management team and appointments have now been made to all key posts. The Council's capacity to deliver its key services is good.
- The Council has embarked upon a strategy to address the significant financial challenges it faces. Addressing the predicted funding gap now depends on the successful implementation of this strategy.
- The Council is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year.

# Detailed report

## Introduction

- 5 Under the Local Government (Wales) Measure 2009 (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 in delivering their services. **Appendix 1** provides more information about the Auditor General's powers and duties under the Measure. This work has been undertaken by staff of the Wales Audit Office and PricewaterhouseCoopers, on behalf of the Auditor General. With help from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (CSSIW), and the Welsh Language Commissioner (the Commissioner), we have brought together a picture of what each council or authority in Wales is trying to achieve, how it is going about it, and the progress the Council has made since the Auditor General published his last annual improvement report. The report also draws on the Council's own self-assessment. Finally, taking all this into account, the report records the Auditor General's conclusion on whether the Council is likely to make arrangements to secure continuous improvement for 2014-15.
- 6 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.
- 7 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:
- make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
  - make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days;
  - conduct a special inspection and publish a report and make recommendations; and
  - recommend to Ministers of the Welsh Government that they intervene in some way.
- 8 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](mailto:info@wao.gov.uk) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

## In 2012-13 the Council made good progress in delivering its improvement priorities with the exception of recycling where the rate of improvement remained slow

### Estyn judged education services for children and young people to be adequate with good prospects for improvement

- 9 The Council had set an improvement objective to 'improve learning outcomes and assist pupils to achieve their potential'. This section summarises the results of an inspection by Estyn published in September 2013.
- 10 In June 2013, Estyn inspected the Council's education services for children and young people. Inspectors provide an overall judgement on current performance and capacity to improve. Services are evaluated on a four-point scale: excellent, good, adequate and unsatisfactory. Estyn published its inspection report in September 2013 and judged Council services to be adequate with good prospects for improvement.
- 11 Estyn judged the Council's education services for children and young people as adequate because:
- 'performance in key stages 2, 3 and 4 has improved steadily in recent years and performance in secondary schools is good, particularly for those indicators that involve English or Welsh first language and mathematics;
  - in the last two years Swansea has met all the Welsh Government benchmarks for performance based on free-school-meal entitlement;
  - attendance rates at secondary schools are good;
  - the rates of both permanent and short-term fixed exclusions have improved and are better than the Wales averages;
  - the authority's commitment to developing the capacity of schools to meet the needs of pupils with additional learning needs themselves, and the work of the service to achieve this ambition, are particular strengths;
  - the Prevention and Early Intervention strategy, involving effective joint working between a range of education services and other agencies, has been successful in improving attainment and attendance, and reducing exclusions and youth offending rates;
  - the local authority and its partners have a very successful strategy and range of approaches that have reduced the percentage of young people not engaged in education, employment or training (NEET) significantly over the past three years;
  - the ambitious school modernisation 'Quality in Education 2020 Programme' is underpinned by clear priorities and has been effective in reducing surplus places and meeting the demand for Welsh education; and
  - the authority works well with a range of partners to ensure that children and young people have access to an appropriate range of youth support services.'

12 However, Estyn noted:

- 'primary attendance rates are well below average with nearly half of schools in the bottom 25 per cent when compared to similar schools on the free-school-meal benchmarks;
- too many schools do not improve quickly enough when identified as needing follow-up after a core inspection and too many are in categories of concern;
- the reintegration of pupils in key stage 3 educated other than at school back into mainstream schools and the provision in the key stage 4 pupil referral unit are not good enough; and
- processes to quality assure the work of officers are not effective enough to make sure that all officers consistently challenge all schools to improve.'

13 Estyn judged that the Council had good prospects for improvement because:

- 'leadership of the Council is strong both politically and at a strategic level and shows a firm commitment to improving education services in the City and County of Swansea;
- the leader and chief executive have a clear and ambitious vision for education provision and outcomes for children and young people, which is understood well by senior officers, elected members and stakeholders and addressed directly through strategic plans;

- change has happened at a significant pace in the last two years and has rapidly resulted in an effective multi-agency approach to tackle poverty and to improve opportunities for children and young people and their families;
- senior officers and elected members have demonstrated their willingness to act quickly and to take difficult decisions to improve provision and outcomes;
- the authority has a very wide range of data, which is used well to target interventions and to evaluate its work;
- there are well-established corporate mechanisms to monitor performance, which result in specific actions and interventions for improvement;
- officers evaluate the impact of specific initiatives well;
- Swansea has a well-established track record of partnership working to improve standards and opportunities for learners and their families, with high-level partnership plans and strategies focusing clearly on implementing national and local priorities;
- the authority deploys resources effectively through careful financial management and a developing medium-term financial planning process, and by making good use of data;
- there has been good progress in addressing the majority of the recommendations from previous inspections; and

- the authority has a track record of successfully improving services where shortcomings are identified.’
- 14 Estyn noted, however:
- ‘performance management and quality assurance processes are not applied consistently enough within education services to identify and address underperformance of staff;
  - education targets are often not sufficiently challenging; and
  - annual reviews of the authority’s education services and the self-evaluation report prepared for the inspection provide a too positive analysis of the authority’s work in a few areas.’

- 15 A copy of Estyn’s inspection report can be found on its website at [www.estyn.gov.uk](http://www.estyn.gov.uk). Estyn made a number of recommendations that the Council should address in order to secure improvements:
- ‘develop and implement a strategy to improve levels of attendance in primary schools;
  - quality assure the work of officers to secure greater consistency in the level of challenge they offer to schools;
  - improve officers’ evaluation of the quality of leadership and management in schools to make sure that underperforming schools are identified and supported quickly;

- improve the quality of provision for those pupils who are educated other than at school, particularly to raise standards of achievement and to assist reintegration back into schools; and
- improve the consistency of leadership across all education services and the quality of self-evaluation and improvement planning within education services.’

**The Council’s approach to reducing the number of young people who are not in education, employment or training retained a strong strategic focus and the number of NEETs in Swansea continued to decrease**

- 16 In 2013, we conducted a national study focusing on whether local authorities were improving the life chances of young people not in education, employment or training (NEET). Reducing the numbers of young people who are NEET is a priority reflected in a number of the Council’s strategic plans and is embedded throughout the organisation. The Council was one of eight visited as part of the national study and was chosen because of the breadth and quality of its approach.

- 17 Career Wales data shows the proportion of young people who are NEET at 16 across Wales fell from 5.7 per cent in 2009 to 4.2 per cent in 2012. The Council is one of three in Wales where the reduction has been the greatest falling from 6.4 per cent in 2009 to 3.2 per cent in 2012.

- 18 Welsh Government strategic indicators show that the Council significantly reduced the percentage of looked-after children who leave school at 16 with no qualification from 9.1 per cent in 2011-12 to 2.9 per cent in 2012-13. The percentage of all children who leave school at 16 with no qualification remained at 0.4 per cent over the same period and better than the Wales average.

**Exhibit 1 – A range of positive practice by the Council is driving improvement for young people**

The Council's strong strategic approach is reducing the proportion of young people who are not in education, employment or training

Our national study and analysis in 2011 by the Welsh Government's Efficiency and Innovation Programme Board<sup>1</sup> identified sustained focus and a combination of characteristics that were contributing to the reduction of those in education, employment or training:

- **Strategic focus:** which as well as addressing the needs of 16 to 18 year olds has been expanded by the Council to include a NEET strategy for 18 to 24 year olds with key partners in Careers Wales, further education institutions and work-based learning providers. Workshops delivered by Kafka Brigade UK are providing a better understanding of issues by engaging with young people and the strategy is identifying those individuals likely to be at most risk.
- **Identification of target groups:** within the population of young people, planning and delivering specific support and tracking outcomes.
- **Partnership working and sharing information:** developing an understanding of the roles and services available from partners, assigning responsibilities between partners, and sharing data.

**Social services made good progress in modernising its approach to adult services and strengthening delivery in children's services. Overall, given the varied nature and level of the demand the Council faced it provided good levels of services.**

- 19 The Council has two improvement objectives that relate to social care activity: 'ensure that younger adults, older people and carers have more choice and control over how they are supported by transforming adult social services' and to 'ensure that vulnerable children are safeguarded and supported by maintaining and continuing improvements to Child and Family services'. The CSSIW undertakes an evaluation of social services on an annual basis.

- 20 In October 2013, the CSSIW published its *Annual Review and Evaluation of Performance for 2012/2013* for social services in Swansea. The report provided a broadly positive assessment of the Council's performance in both adult and children's services. The report highlighted some good aspects of service delivery and areas of progress. It also outlined some of the challenges facing the Council and identified areas for improvement. The report can be found on the CSSIW website: [www.cssiw.org.uk](http://www.cssiw.org.uk).

<sup>1</sup> Efficiency and Innovation Board, *New Models of Service Delivery – A Study of Approaches to Increase the Proportion of Young People in Education, Employment or Training, with a Focus on Potential and Actual Efficiency Savings. Final Report.* Arad Research July 2011

- 21 The CSSIW notes that, in recent years, Swansea Social Services has made good progress in modernising its approach to adult services and strengthening delivery in children's services. Overall, given the varied nature and level of the demand the Council faces it provides good levels of services. Workforce development has been, and remains, key to its success.
- 22 Both the *Annual Director's Report on the Effectiveness of Social Care Services 2012-13* (ACRF) and the Council's *Annual Performance Report 2012-13* emphasised the growing pressures social services faces due to increasing demand and complexity of people's needs, the increase in the number of looked-after children and the need to achieve significant levels of financial savings over the next three years. The Council was continuing to make progress with transforming its adult social services and was developing a range of early intervention and preventative services for children thereby reducing the demand on formal social services.
- 23 We are currently undertaking a national review of safeguarding across local government in Wales. We will report further on this in our *Improvement Assessment Letter* in the summer of 2014.

Although recycling rates improved, the Council failed to meet the 52 per cent statutory recycling target in 2012-13 and performance continued to be poor compared to other Welsh councils

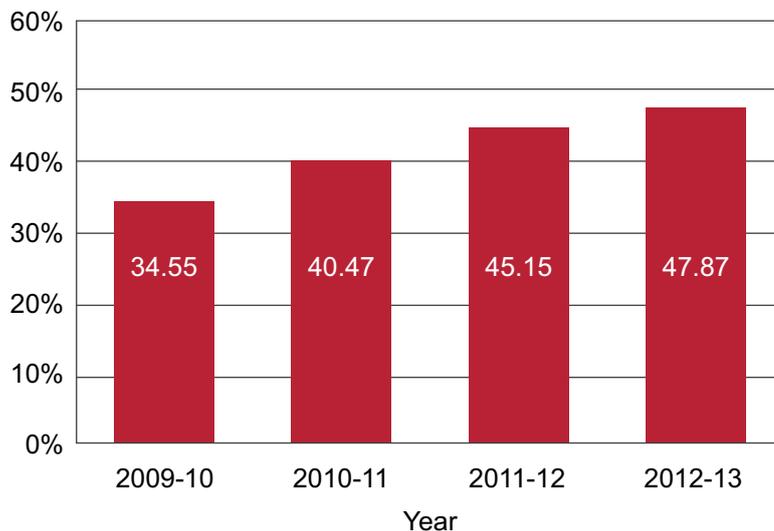
- 24 Recognising the importance of achieving Welsh Government targets and its comparatively poor performance the Council adopted an improvement objective to 'minimise waste and increase composting and recycling by promoting and facilitating the delivery of waste management and recycling services'. The Welsh Government expects councils to help citizens recycle waste, and collects information about recycling rates as well as about the different types of service provided by different councils. By 2013 the Welsh Government expected councils in Wales to recycle 52 per cent of waste, improve the amount of waste recycled and reduce the amount that goes to landfill. The Council has been undertaking a range of initiatives to improve recycling and reduce the amount of waste going to landfill; however its recycling rate of 47.87 per cent in 2012-13 meant that it failed to meet the Welsh Government target.

25 In 2012-13, the Council increased the level of funding to its waste management services to help improve the level of waste being recycled. It adopted a number of different initiatives to encourage people to recycle more including: carrying out an extensive door-knocking campaign; introducing household rubble recycling; and opening 'The Corner Shop' a reuse shop based at the Household Waste Recycling Centre in Llansamlet. The Council also decided to proceed with procuring a waste-sorting station.

26 It is positive that the amount of municipal waste recycled, reused or composted has increased over the past four years (see [Exhibit 2](#)). However, the rate of improvement has not enabled the Council to achieve national targets and whilst a number of other councils did not achieve 52 per cent, Swansea was one of the worst performers in Wales, ranking 20th out of 22 Welsh councils.

#### Exhibit 2 – Recycling performance in the Council

The percentage of municipal waste recycled/reused or composted improved but remained below the Welsh Government target for 2012-13 of 52 per cent.



Source: *City and County Annual Review of Performance 2012-13*

27 Remedial action is now being taken to try to address this performance. A review of service provision at each of the Council's household waste recycling centres was undertaken in 2012-13 by the Waste and Resources Action Programme<sup>2</sup> (WRAP) to identify site-specific options for increasing recycling performance and minimising overall costs where possible. This review also involved comparing the Council's performance with councils with high-performing household waste recycling centres. The findings will be considered by the Council during 2013-14. Other key steps include limiting the number of rubbish bags that residents will be able to put out in their fortnightly rubbish collections to three. This change will come into effect in April 2014 and follows the success had by other councils in introducing a similar initiative, such as Monmouthshire.

28 The Council improved the percentage of reported fly-tipping incidents cleared within five working days from 86.1 per cent in 2011-12 to 92.9 per cent in 2012-13, exceeding its 2012-13 target.

### The Council continued to be successful in increasing the number of participants engaged in its employability schemes

29 Improving people's employability by maximising the impact of the Council's regeneration programme to offer and facilitate training and work placements continued to be one of the Council's improvement objectives in 2012-13. The Council continued its focus on improving job opportunities through its *Beyond Bricks and Mortar* scheme and its *Workways* project.<sup>3</sup>

30 The Council met its targets against this improvement objective. For example, the Council successfully increased the number of regeneration projects containing social benefit clauses aimed at providing work and training opportunities for the unemployed and economically inactive from 12 in 2011-12 to 17. The number of organisations signed up to the Council's *Beyond Bricks and Mortar* scheme also continued to increase. The Council is now looking to build upon this success and extend the use of such clauses into service and care-based contracts. Similarly, the number of people entering employment as a result of their participation in the Council's *Workways* project increased from 201 in 2011-12 to 287 in 2012-13. Participants' satisfaction with the scheme also improved from 70 per cent in 2011-12 to 84 per cent in 2012-13. However, in its *Annual Review of Performance*, the

<sup>2</sup> WRAP is a not-for-profit company limited by guarantee, set up with an independent board to promote resource efficiency.

<sup>3</sup> *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. 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.

Council highlighted that staff shortages in the relevant service had been a problem during the year and acknowledged that this needed to be addressed in order to maintain this level of improvement.

**The Council continued to develop a Linguistic Skills Strategy but the number of Welsh speakers in the contact centre was very low**

- 31 The role of the Commissioner was created by the Welsh Language (Wales) Measure 2011. It is expected that new powers to impose standards on organisations will come into force through subordinate legislation by the end of 2014. Until that time, the Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 32 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 comments in relation to Swansea were as follows:

- 33 'The Council continues to work on establishing a Linguistic Skills Strategy and collecting and analysing the language skills of the workforce. The Council recognises that this needs to be a priority during 2013-2014. The number of staff who can speak Welsh in the Council's Contact Centre is very low and language skills will receive full consideration in recruitment. However, opportunities to plan the workforce through recruitment are currently limited, so language training is provided for existing staff. The Council's membership of the Swansea Language Forum offers an opportunity to share information with a cross-section of the Welsh-speaking community.'

**The number of complaints received by the Public Services Ombudsman for Wales relating to the Council remained below the Welsh average; and although the number taken into investigation tripled, the number upheld was below average**

- 34 Each year, the Public Services Ombudsman for Wales (the Ombudsman) publishes an annual report setting out the range of complaints about public bodies that had been dealt with in that particular year. The Ombudsman also writes to individual councils providing an overview of issues that had been considered in the year. In his most recent annual letter to the Council for 2012-13, the Ombudsman reported: 'The number of complaints received remains

below the average, whilst the largest single area of complaint is now 'Planning and Building Control'. The Ombudsman had received 57 complaints about the Council compared to a Wales average of 62. There have also been notable increases in the number of complaints relating to 'Finance and Taxation' and 'Children's Social Services'. Whilst the number of complaints taken into investigation has tripled, there have also been an above-average number of quick fixes and voluntary settlements, and a below-average number of 'upheld' reports issued by my office. In reference to your Council's response times, it is pleasing to note that a third of responses took less than three weeks although a further third of responses took longer than five weeks.'

## The Council has got better at reporting how well it is performing and is developing a consistent approach to evaluating itself

### The Council produced a readily accessible report about its performance but did not consistently explain how successful it had been in delivering its objectives

35 In the Auditor General's 26 November 2013 *Improvement Assessment Letter* to the Council, we reported that the Council discharged its improvement reporting duties under the Measure. The Council published an assessment of its performance in its *Annual Review of Performance 2012-13* (the Review) within the statutory deadline of 31 October 2013. The Review and an easy-to-read summary version are available on the Council's website and are available in hard copy. In line with statutory requirements, the Review included details of performance and comparisons as measured by the national statutory performance indicators and included a section outlining the key collaborative activities the Council was involved in and a summary of progress in achieving their outcomes.

36 However, we also identified the following areas where the Council can strengthen its arrangements further:

- The Council did not consistently set out its own view of how successful it had been in delivering each improvement objective in the 'Summary Evaluation' section of the Review.

- The Review made reference to more qualitative information than it did last year but the predominant evidence used was still quantitative performance measures. There was scope to broaden the use of more qualitative and contextual information to strengthen the Council's evaluation of performance.
- The Council did not make full use of comparative information, including historic performance and more targeted comparisons with other similar councils, to show how it was learning from its own efforts to improve and those of other councils.

### The pace of improvement of performance reporting has been slow

37 In the Auditor General's *Improvement Assessment Letter* issued to the Council on 5 November 2013, we reported that the Council is reviewing and changing its corporate and performance management arrangements to ensure that it has appropriate mechanisms in place to meet the challenges ahead. This review is still ongoing. The Council invested significantly in introducing a Results Based Accountability (RBA) approach 18 months ago and is intending to build on the principles within this approach to shift towards a balanced scorecard approach at both a corporate and service level. The Council expects that this approach will facilitate better integration between its corporate, service and financial planning with greater consideration of both risk and performance in its planning and reporting. Interim arrangements are currently

in place. Current performance reporting arrangements, for example, will carry on for the next few months but it is anticipated that there will be greater focus on reporting progress in delivering the Council's priorities and the balanced scorecard will be used as the mechanism to do this. Integral to the new arrangements will be a move to a corporate approach to self-evaluation.

38 The Council has begun to address our and other regulators' concerns about the quality and consistency of its self-evaluations. For instance, in its inspection report issued in September 2013, Estyn noted that 'officers evaluate the impact of specific initiatives well', but that 'performance management and quality assurance processes are not applied consistently enough within education services to identify and address underperformance of staff; education targets are often not sufficiently challenging; and annual reviews of the authority's education services and the self-evaluation report prepared for the inspection provide a too positive analysis of the authority's work in a few areas.' Two of the five recommendations made by Estyn relate to improving the quality of evaluation undertaken by the Council.

39 The CSSIW's *Annual Review and Evaluation of Performance 2012/2013* which reviewed the Director of Social Services' annual report concluded that the annual report 'integrates performance activity, identifies progress against key targets and outlines priorities. This provides clear information on public accountability and enables the citizens of Swansea to determine the quality and effectiveness of local services.'

40 The Council is hoping to have its new approach in place within 12 months and has identified those areas which it needs to progress more quickly. The development of the balanced scorecards is now being taken forward and we understand there is corporate commitment to this approach. The success of this development will be imperative to ensure that the approach is adopted consistently and embedded throughout the organisation. Previously, mixed approaches have been adopted within different departments but the financial climate is such that the Council recognises the need to have a consistent performance management approach across the organisation.

### The Council's scrutiny arrangements are becoming more established but insufficient public information is available in advance of panel meetings

41 The Council's scrutiny arrangements were changed in October 2012 and have now been in place for nearly 18 months. The Scrutiny Programme Committee is the main coordinating and overarching committee that manages the Council's scrutiny programme and provides the main mechanism for holding the Council's Cabinet Members to account. It also appoints and determines the scope of other scrutiny panels. There are two main types of panels: inquiry panels which undertake in-depth reviews on a task and finish basis; and performance panels which monitor performance of specific areas, such as education and social services. All panels report to the Scrutiny Programme Committee.

- 42 Whilst notice and minutes of the Scrutiny Programme Committee meetings are published, this is not the case for the scrutiny panels. The outcomes of meetings are made available in due course but there is no public information in advance of the meetings. Performance panels produce letters to the relevant Cabinet Member outlining what is covered during panel meetings and identifying any questions they wish the Cabinet Member to consider. These letters are made public via the Scrutiny Programme Committee. Inquiry panels produce reports at the end of their inquiry. These are available on the Council's website. The Council now also produces a blog providing an opportunity to update the public on the issues being discussed. The meetings are open to the public but the dates and venues of the meetings are not routinely advertised on the Council's website. Information about the meetings is available upon request. We propose to further review the impact of the Council's new scrutiny arrangements in the coming months and will report in more detail later in the year.
- 43 In its inspection report issued in September 2013, Estyn highlighted: 'The council has established a performance committee to address standards in schools. However, members do not receive sufficient data at individual school level to enable them to accurately identify those schools that are underperforming. The performance committee has not concentrated sufficiently on challenging underperforming schools in recent months.'
- 44 In its *Annual Review and Evaluation of Performance 2012/2013*, the CSSIW noted: 'In recent years Swansea has been recognised for the quality and rigor of its scrutiny arrangements and has revised those arrangements this year. The focus has changed from health and wellbeing adult services scrutiny to strategic scrutiny programme committee, which encompasses all council business. There is a specific sub-committee for all social services which receives regular reports from both children and families and adult's services. It is not clear yet what impact the new arrangements will have on the attention paid or support to social services. However, officers spoken to on the site visit to adult's services reported that the first meeting was constructive, with an appropriate level of questioning and an orientation to the future. The CSSIW will follow up that the new scrutiny arrangements remain robust and effective especially as social services become absorbed into a broader corporate directorate.'
- 45 The Council engaged positively in the scrutiny peer observation programme facilitated by the Wales Audit Office last year. The feedback was used to inform the Scrutiny Programme Committee's annual evaluation workshop and some work is ongoing to address the feedback provided. This includes public involvement in scrutiny panels and raising awareness of the work of the scrutiny panels.

**Overall, the Council had good systems in place to produce performance indicator data and is acting to address weaknesses in target setting**

- 46 Our assessment of a sample of the Council's performance measures and operational data systems concluded that the Council has a well-established process in place for data collection and it is actively working with services to improve arrangements further.
- 47 We raised concerns about the robustness of the Council's target setting and suggested that the Council introduces greater transparency to its target-setting processes including greater engagement of members and clearly explaining what a target of 'acceptable level of performance' means, particularly where this infers sustaining comparatively poor performance. We understand that the Council has now reconsidered its approach and is reverting to having one target for its performance measures rather than having a dual approach of an acceptable level of performance and a target to aim for.

**The Council complied with its responsibilities relating to financial reporting and use of resources**

- 48 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.

## The Council strengthened its capacity to drive improvement by completing its management restructure and establishing a strategy for managing the significant financial challenges it faces

### Revision of improvement objectives meant the Council published its corporate improvement plan later than usual

- 49 In our assessment of the Council's improvement objectives and its annual improvement plan (the Plan), (called the *Corporate Improvement Plan 2013-2017: Standing up for a Better Swansea*) we concluded that the Council had discharged its improvement planning duties under the Measure but that it should publish its improvement objectives sooner.
- 50 The Council published the Plan on 1 August 2013 in a user-friendly format on its website which is easy to navigate and read. It also published a summary of its Plan. Both the summary and full Plan are available in English and Welsh. The Council has made its partners aware of the existence of the Plan. In 2012 the Council published its improvement objectives in May.
- 51 The Council undertook effective consultation on its proposed improvement objectives and the Plan sets out the findings of this consultation and how it has informed the development of its improvement objectives.
- 52 In the Auditor General's *Improvement Assessment Letter* of 5 November 2013, we acknowledged that the 2013-14 improvement objectives were new and that the Council had spent significant time and resources to develop these using an RBA methodology which had required greater involvement of officers in service departments. We reported that the Plan was more robust and better quality than that of previous years as a result.
- 53 However, we underlined that it is important that in future years the Council builds sufficient time into its planning arrangements to publish its Plan at least by the end of June. We noted that the Plan is for a four-year period and that the process to develop its Plan in future years should be quicker. We understand that the Council has a timetable in place to agree and publish its updated Plan for 2014-15 by the end of June. Consultation of its proposed improvement objectives has been undertaken.
- 54 We also recognised that the Council had made some progress in addressing our proposal for improvement relating to the development of more outcome-based performance measures. It was evident that there had been considerable engagement of heads of services to develop these measures and the link between the measures and the improvement objective is clearer than in previous years. However, we believe that further work is still needed in this area. We were disappointed that the Council was not further advanced in making better use of more qualitative information in the refinement of its measures given that we had raised this as a proposal for improvement previously and the time the Council had taken to develop its approach to RBA. Again, we understand the Council is actively addressing this concern and is looking to use more comparative information, including comparing its performance and activities with councils outside of Wales. We know that the Council used to do this regularly in the past and are pleased to see that this is being reconsidered.

55 In his *Annual Improvement Report* last year, the Auditor General reported that further work was needed to better align the Council's business plans and improvement objectives. Our audit of the Council's 2013-14 improvement objectives and business plans found that the links between them were not yet in place. It is, therefore, positive to hear that the Council has recently sought to address this by providing additional guidance to services to make it easier for them to show the links to the Council's priorities, policy commitments and other key strategic documents, such as the *One Swansea Plan*, the *Medium-Term Financial Plan* and *Sustainable Swansea*.

56 The Council is also considering developing an overarching corporate plan in addition to its improvement plan which will encompass all the Council's priorities. The Council is aiming to have such a plan in place by September 2014 and it will serve to provide greater clarity about how its priorities will be resourced, with clearer links to the Council's *Medium-Term Financial Plan* and its *Sustainable Swansea* strategy. We will be keen to see how this plan aligns with other key plans and strategies.

The Council has introduced changes to its senior management team and appointments have now been made to all key posts. The Council's capacity to deliver its key services is good.

57 The Council significantly changed the structure of its senior management team at the beginning of 2013, moving away from a traditional service-based structure to a more thematic focus on people, places and corporate services. Appointments have now been made to all key posts. There are now three rather than five corporate directors in place, each of whom report to the Chief Executive.

58 In its *Annual Review and Evaluation of Performance 2012/2013*, the CSSIW considered the capacity of the Council to deliver social services and reported:

- 'The Council has stated that a key element of the transformation programme is to deliver a more citizen centred support model, the importance of a valued, supported and experienced staff group to this is vital. This year it has introduced a coaching skills programme in order to support and develop staff for the scale of changes that the organisation is going through.'

- Child and family services are now fully staffed albeit the majority of the social workers are not as experienced as the authority would have wished. The challenge is to deliver high quality services to families, whilst continuing to support and develop its workforce, at the same time as improving some areas of performance. The investment last year in a programme of additional training such as restorative practice and signs of safety is now beginning to embed and is provided to all existing and new staff members. A first year in practice programme is in place and the workforce development programme extends to continuing professional development for all staff.
- The Council reports a relatively low turnover of staff this year, having reduced from 13 per cent the previous year to just over eight per cent. The Council recognises that staff sickness remains a concern. Whilst there has been a small decrease in sickness across the authority, there has, however, been an increase in sickness rates in child and family services.
- The Council continues to ensure and support social workers to maintain their registration with the Care Council for Wales and also supports their continued professional development.'

59 The CSSIW also highlighted: 'There has been good corporate support for social services with clear vision and direction, evidenced by sound strategies, and a corporate improvement plan'. A new chief officer for social services is now in post and the CSSIW outlined that: 'Although the role is not at corporate director level, the council has given a commitment that this will not alter or diminish the level of support for social services previously seen. The chief social services officer is a member of the executive board and will report directly to the chief executive on all operational matters, whilst managerially the post sits within the corporate directorate of people.' However, the CSSIW further noted: 'The challenge will be for the council through the new structure to continue and further build on the continued improvement in social services. In the context of significant organisational change, the CSSIW will follow up whether there continues to be strong corporate and political support for social services and whether in relation to the role of director of social services there is compliance with statutory guidance.'

60 As already reported above, Estyn concluded that the Council's capacity to improve was good.

The Council has embarked upon a strategy to address the significant financial challenges it faces. Addressing the predicted funding gap now depends on the successful implementation of this strategy.

- 61 All councils in Wales face an unprecedented period of financial constraint at a time when demand for key services is increasing. The scale of the challenge is so great that difficult decisions have to be faced and cannot be postponed without compromising the financial standing of the Council. The Council recognises that extensive reductions in expenditure cannot take place without a fundamental review of the purpose and shape of the Council. In determining its future budget proposals the Council is actively seeking to address its challenges and has embarked upon a specific strategy, *Sustainable Swansea – Fit for the Future*. This strategy was approved by Cabinet and reported to Council in October 2013 and established an approach that focuses upon:
- the core purpose of the Council;
  - the transformation of services and the model of delivery;
  - greater collaboration with other councils and local organisations, community groups and residents; and
  - sustainable solutions, with prevention at the heart of it.
- 62 The strategy was further developed in December 2013, with a report to Cabinet, which provided an update on the financial challenges facing the Council. The report also contained a proposed savings programme, including specific proposals for 2014-15 and future years, and proposals for engagement and consultation. In particular, the report highlighted how the financial settlement from the Welsh Government for 2014-15 differed substantially from the indicative support levels detailed in the prior-year final settlement figure. This meant that the position was £16 million worse than the assumptions made for financial planning purposes in the Council's *Medium-Term Financial Plan*.
- 63 The Council approved the budget for 2014-15 in February 2014. A shortfall for the year of £26 million is forecast, which is planned to be met by:
- specific savings proposals and work stream savings totalling £16.5 million;
  - a five per cent increase in the council tax base, resulting in £4.0 million;
  - a reduction in contribution to the contingency fund of £2.6 million;
  - the use of general reserves totalling £2.2 million; and
  - a reduction in the inflation provision of £0.9 million.

64 The Council's *Medium-Term Financial Plan* anticipates an overall funding gap of at least £39 million between 2014-15 and 2016-17. This is due to both reductions in funding and budgetary pressures, caused by factors such as demography. The approach outlined in the *Sustainable Swansea – Fit for the Future* strategy will be used to address these future challenges. We will be examining arrangements in more detail during 2014-15.

65 For 2013-14, the Council is forecasting a net £1.7 million overspend in relation to service budgets. However the Council expected that this position will improve further as a result of management actions. The majority of the overspends relate to social services, mainly due to budgetary pressures with regards to child and family services; and education, specifically in home-to-school transport and the music service. These overspends have been offset by underspends on other service budgets and a transfer into service budgets of funds previously held within an inflation provision as well as by the contingency fund, which is designed for this purpose.

### The Council is likely to make arrangements to secure continuous improvement in 2014-15

66 We are of the view that the Council is likely to meet the requirements of the Measure in 2014-15. It is continuing to take sensible steps to meet the financial pressures it is facing. It is also reviewing and refining its corporate and service planning and reporting arrangements so that these are more appropriate for the current climate. The adoption of the balanced scorecard in particular will provide a tried and tested mechanism to enable the Council to focus on its priorities and to take account of all key information in an integrated way to do this.

67 That said, our concerns remain that the Council still does not formally monitor and challenge progress in addressing our proposals for improvement in their totality. These are not monitored by the Council's Audit Committee for instance. It is evident that our proposals for improvement are being taken into account in the changes the Council is making, for example to its corporate reporting and the content of its improvement and performance plans. A post-inspection action plan has also been developed in response to the Estyn inspection and this is being monitored by an improvement board established by the Chief Executive. However, this approach is not consistently applied to all regulatory recommendations and proposals for improvement. It is difficult to see, therefore, how the Council can have assurance that

appropriate action is being taken to address regulators' concerns on a timely basis. This has been raised with the Council previously and was formerly reported as a proposal for improvement in our *Improvement Assessment Letter* issued to the Council on 5 November 2013. We would expect the Council to take appropriate steps to address this promptly.

- 68 Nevertheless, it is positive that a full corporate management team is now in place. All key posts have been filled and there are no vacancies at a senior officer level. As such, 2014-15 presents the key opportunity for the Council to agree and finalise the changes it feels necessary to its arrangements. Whilst it is always healthy to review and refine arrangements, once these changes have been implemented the Council would benefit from a period of consolidation to enable the arrangements to become embedded. This will place the Council in a strong position to focus on delivering its priorities and meet the significant financial challenges it faces over the next three years.

# Appendices

## 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 staff of 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 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. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General 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 Swansea and Swansea Council

#### The Council

The Council spends approximately £671 million per year (2013-14). This equates to about £2,807 per resident. In the same year, the Council also spent £77.1 million on capital items.

The average band D council tax in 2012-13 for the Council was £1,170.06 per year. This has increased by 3.4 per cent to £1,209.84 per year for 2013-14. Seventy-six 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:

- 4 Conservatives
- 7 Independent
- 49 Labour
- 12 Liberal Democrats

The Council's Chief Executive is Jack Straw. He is supported by:

- Director – People, Chris Sivers
- Director – Corporate Services, Dean Taylor
- Director – Place, Phil Roberts

## 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](http://www.swansea.gov.uk) or contact the Council at Civic Centre, Oystermouth Road, Swansea, SA1 3SN.

## Appendix 3

### Appointed Auditor's Annual Audit Letter

Councillor David Phillips  
Leader  
City & County of Swansea  
Civic Centre  
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.

#### The Council complied with its responsibilities relating to financial reporting and use of resources

It is 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. On 25 September 2013 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's, the Group's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Cabinet in my Audit of Financial Statements report on the 17 September 2013.

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, following the introduction of revised internal banking and cash management arrangements between the Council and Pension Fund during the year, 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 2012/13 audit as we are currently considering a number of questions from local electors relating to taxi licensing arrangements and the extension of a lease.

The financial audit fee for 2012/13 will be higher than that set out in the Annual Audit Outline because of the additional amount of time spent responding to questions from members of the public and reviewing the extension of a lease. We will finalise the fee with officers once the matters are resolved.

Yours sincerely

**Kevin Williams (PricewaterhouseCoopers LLP)**

For and behalf of the Appointed Auditor  
28 November 2013

cc: Jack Straw, Chief Executive  
Mike Hawes, Head of Financial Services (s151 Officer)

## Appendix 4

# Swansea Council'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 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 2013-14 in its *Corporate Improvement Plan 2013-2017: Standing up for a Better Swansea* which can be found on the Council's website at [www.swansea.gov.uk](http://www.swansea.gov.uk). They are:

| Improvement objectives 2012-13  | Improvement objectives 2013-2017  |
|---|---|
| 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   | Improvement Objective A: Provide support for children in the early years in Swansea so that they are ready for learning and make developmental progress               |
| Improvement Objective 2: Ensure that vulnerable children are safeguarded and supported by maintaining and continuing improvements to Child and Family services                | Improvement Objective B: Support improvement to school attendance and attainment of all learners aged 3 – 19 years so that each can achieve their potential           |
| Improvement Objective 3: Improve learning outcomes and assist pupils to achieve their potential   | Improvement Objective C: People are safe, well and supported to live independently (Child & Family Services)  |
| Improvement Objective 4: Minimise waste and increase composting and recycling by promoting and facilitating the delivery of waste management and recycling services           | Improvement Objective D: Develop partnerships, skills and infrastructure in order to attract and grow a knowledge based economy creating jobs grounded in key sectors |
| 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 | Improvement Objective E: Promote affordable credit and savings options and help people maximise their income and entitlements   |

| Improvement objectives 2012-13 | Improvement objectives 2013-2017   |
|--------------------------------|--|
|                                | Improvement Objective F: Improve Housing and Housing supply in order to increase the availability of good quality, affordable housing          |
|                                | Improvement Objective G: Help people adopt and develop healthy and sustainable lifestyles in order to improve health                           |
|                                | Improvement Objective H: People are safe, well and supported to live independently (Adult Services)  |
|                                | Improvement Objective I: Minimise waste and increase recycling through promotion, working with others and by targeting low participating areas |

### The Council's self-assessment of performance

The Council's self-assessment of its performance during 2012-13 can be found in its *Annual Review of Performance 2012/13* which is available on the Council's website: [www.swansea.gov.uk](http://www.swansea.gov.uk).



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