

Report of the Chief Auditor

Audit Committee – 7 August 2014

COASTAL PROJECT – UPDATE REPORT

Purpose:	This report provides further information on the Coastal Project in particular the evaluation of the Project by Wavehill.
Policy Framework:	None.
Reason for Decision:	To allow the Audit Committee to discuss and raise any questions regarding the Coastal Project.
Consultation:	Legal, Finance, Access to Services.
Recommendation:	It is recommended that: the Committee notes the report.
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

1. Introduction

- 1.1 The Head of Finance and Delivery presented a report to the Audit Committee on 24/04/14 which provided details of an investigation undertaken by the Internal Audit Section into the Coastal Project.
- 1.2 The investigation followed a change in the terms and conditions of the grant by WEFO which represented a significant financial risk to the Project as a whole and to the City and County of Swansea in particular.
- 1.3 The report included the full version of the Internal Audit Report and also outlined the management action which had been taken in response to the change in terms of conditions of the grant by WEFO
- 1.4 Discussion of the report was deferred at the meeting on 24/04/14 and the report was subsequently discussed on 12/06/14.

- 1.5 At the meeting in June, a member of the Audit Committee provided a copy of an evaluation report of the Coastal Project produced by Wavehill dated October 2011.
- 1.6 This report provides the background to the Wavehill report and the implications for the original audit findings as the Wavehill report had not previously been identified during the review of Coastal.
- 1.7 A list of the senior staff in post throughout the Coastal Project is included in Appendix 1
- 1.8 The Chief Social Services Officer and Coastal Regional Project Director will be attending the Audit Committee on 7th August 2014.

2. Wavehill Evaluation Report

- 2.1 All European funded projects with a value in excess of £2m are required by the terms and conditions of the grant to engage an independent, external evaluation of the Project.
- 2.2 The Regional Management Team undertook a procurement exercise in June 2009 using Sell2Wales to appoint a company to provide the evaluation. There were 63 expressions of interest with 5 organisations being shortlisted and Wavehill being commissioned to provide the evaluation in September 2009.
- 2.3 The remit for Wavehill was to provide a 'formative' evaluation with a series of progress reports over the course of the Project and a final summary report at Project closure.
- 2.4 To date, Wavehill have produced 4 reports in October 2010, October 2011, February 2012 and January 2013.
- 2.5 The report produced at the last Audit Committee was the second report dated October 2011 and the issue raised at the last Audit Committee was that the Wavehill report identified the same issues as those raised by WEFO when they imposed the 20% retention in August 2013.
- 2.6 An extract of the Wavehill report summary is provided in Appendix 2 showing relevant comments and recommendations. The extract does not show the complete summary of the report as other issues and recommendations which are not relevant to the investigation have been excluded.
- 2.7 The extract in Appendix 2 shows that the issues relating to the slow achievement of targets in particular the employment target and the consequent risk to funding was clearly made by Wavehill in October 2011.

- 2.8 The final version of the Wavehill report was discussed at the Regional Project Board meeting held on 26/04/12.
- 2.9 Copies of all Wavehill reports were sent to WEFO and at a meeting held with WEFO representatives in February 2012 it was noted that they had no comments to make regarding the 2nd Wavehill report other than it was an honest evaluation with a need to work on the recommendations.
- 2.10 The 2nd Wavehill report is the only one which refers to a potential risk of a loss of funding as a result of failing to achieve targets. The slow progress made by the Project against its targets is included in other reports but there is no mention of funding being at risk. The 4th Wavehill report includes a summary of the previous reports and here the summary of the 2nd report also fails to mention funding being at risk.

3. Response to Wavehill Report

- 3.1 The Coastal Regional Project Director has stated that the Corporate Director (Social Services) and Head of Adult Services would have received a copy of the Wavehill report at the time.
- 3.2 The Regional Project Director also stated that he personally discussed the risk to funding with the Corporate Director (Social Services) during one of their regular meetings but as the meetings were on an informal basis, no minutes were kept.
- 3.3 It has been confirmed that the findings of the Wavehill report were not escalated outside of the Social Services Directorate. However the Regional Project Director has outlined the following series of actions which were put in place in response to the report's findings
- The programme for the Project Conference held in November 2011 was amended to include an extraordinary meeting of Project Managers and Operational Lead Officers from all partners to discuss the risk implications and revision of targets
 - The quarterly audit process undertaken by the Regional Management Team was strengthened to focus much more closely on progress against targets
 - The Wavehill consultant attended the Regional Project Board meeting in January 2012 to discuss the implications of the report. Detailed discussions took place which led to some significant changes in attitude amongst the Project sponsors.
 - Changes were made to the meeting structure within the Project so that a much wider group of representatives were involved in monthly rather than bi-monthly meetings.
 - The agenda structure for meetings was revised to include standing items on progress, outcome achievement and sharing of good practice.

- A new process of monthly outcome reporting and monitoring was introduced to provide the Regional Project Board with updated performance data.

4. Conclusion

- 4.1 The second Wavehill Report dated October 2011 clearly identified the failure of the Project to meet targets and the potential risk to funding i.e. the same issues which subsequently led to WEFO changing the terms and conditions of the grant in August 2013.
- 4.2 Although this report did not form part of the original Internal Audit investigation it can be seen that the response to this report confirms the original findings of the investigation i.e. there was a positive response from within the Project but there was no escalation of the potential risk to funding within the City and County of Swansea.
- 4.3 The fundamental question arising from the original investigation was whether the risk to funding imposed by WEFO in August 2013 could have been identified sooner. The Wavehill report shows that the risk was identified in October 2011 but that no action was taken to escalate this risk until August 2013 in response to WEFO changing the terms and conditions of the grant.

5. Equality and Engagement Implications

- 5.1 There are no equality and engagement implications associated with this report.

6. Financial Implications

- 6.1 There are no financial implications associated with this report.

7. Legal Implications

- 7.1 There are no legal implications associated with this report.

Background Papers:

Appendices: Appendix 1 – Coastal Project – Senior Staff in Post
Appendix 2 – Wavehill Evaluation Report October 2011 – Extract from Report Summary

Coastal Project – Senior Staff in Post

Chief Executives	Name	From	To	
Chief Executive	Mr P Smith	02/10/06	31/03/11	Left
Chief Executive	Mr J Straw	01/04/11	Present day	

Directors	Name	From	To	
Director of Social Services	Mr J Straw	01/03/05	27/01/08	
Corporate Director (Social Services)	Mr C Maggs	28/01/08	12/11/11	Left
Corporate Director (Social Services)	Mr P Hodgson	24/10/11	31/08/13	Left
Director - People	Ms C Sivers	11/09/13	Present day	
Chief Social Services Officer	Ms D Driffield	17/06/13	Present day	

Heads of Service	Name	From	To	
Head of Service	Mr C Maggs	01/05/06	27/01/08	Left
Head of Adult Services	Ms D Driffield	01/01/09	16/06/13	
Head of Adult Services	Ms C Rea	24/06/13	Present day	

Section 151 Officers	Name	From	To	
Head of Finance	Mr S Evans	02/07/07	27/01/08	Left
Executive Director	Mr J Straw	27/01/08	01/04/11	
Head of Finance	Mr M Trubey	01/04/11	30/06/13	Left
Head of Finance & Delivery	Mr M Hawes	01/07/13	Present day	

Wavehill Evaluation Report – October 2011

Extract from Report Summary

This is a summary of the October 2011 report of the on-going evaluation of the COASTAL project which is being undertaken over a five year period and run parallel to the delivery of the project. The evaluation is being carried out by the social research and evaluation specialists Wavehill.

Evaluation is an important component of publically funded projects, services and activities. It is used to measure the efficiency and effectiveness of projects and programmes, to understand how policy is being delivered to citizens, and to test if project teams are achieving what they are being funded for. Evaluation identifies what is working well and provides a critique where strategy and delivery is not effective.

The headline targets of the COASTAL project are currently under revision and awaiting WEFO approval, but the proposed targets at the time of writing are (October 2011):

- 8,500 economically inactive participants to be engaged;
- 1,000 participants to move into sustainable employment (12%);
- 6,500 participants gaining a qualification (76%); and
- 8,100 participants gaining other positive outcomes (95%).

A possible funding risk to COASTAL and delivery agents

The evaluation has found that, in some cases, delivery agents have been slow to adapt into the COASTAL focus on employability and employment outcomes, rather than the provision of a more social care based model. This has quite significantly reduced the propensity of COASTAL to reach its outcome and results targets. As a result funding may be at risk to the COASTAL project as a whole or to individual delivery agents.

Outputs, results, impacts and outcomes to date

As of the end of June 2011, COASTAL has supported just over 2,194 (1,200; 2010) participants. This is lower than the numbers we would have expected to have been engaged so far if the project is to meet its participation targets of 8,500.

The lowest 'results' across COASTAL are in the number of participants progressing into employment, only 37 from 2,194 participants. This is considered low as the original targets anticipated 32% (2,870/9,020) finding employment and the proposed revised targets 11.8% (1,000/8,500). Clearly, at the current rate of progress, far fewer participants will achieve employment outcomes than anticipated when the COASTAL project was planned.

Essentially COASTAL must be able to demonstrate that participants increase their employability as a result of inclusion and participation in the portfolio of COASTAL projects. This means that other outcomes and results must be identified and recorded to demonstrate the benefits that COASTAL brings to its participants. As things stand, it is hard to identify any progress in terms of participants improving their employability or moving into employment outcomes based on the monitoring data that is currently available. This is not to say there has been no progression, but there is little data (evidence) to demonstrate the progress that has been made.

The 2010 evaluation report highlighted the lack of WEFO results and the need to provide evidence of distance travelled, or soft outcomes. This is still the case in 2011 and, with so few WEFO results being recorded, it is even more important to measure the softer benefits of COASTAL participation.

Conclusion

COASTAL is an ambitious project that brings together partners and delivery agents from different Local Authorities and silos of delivery. The ultimate aim is to create a paradigm shift in social care services, where people with various disabilities can move towards more mainstream and independent lives by becoming more employable and ultimately employed. There is much evidence to suggest gaining employment includes personal therapeutic benefits as well as social and economic status, but employment outcomes need to be made to realise these benefits. The COASTAL project has many of the elements in place to be successful, but must now focus on employability and employment. If it does not funding may be at risk as WEFO targets are unlikely to be met.

Recommendation 1

Issue

Employment outcomes are not being realised at a rate that will satisfy the WEFO contract. A greater number of job opportunities need to be identified for COASTAL participants.

Evidence

- The employment rate within Coastal is below 2%.

Recommendation

It may be that COASTAL, as a collective or the individual delivery agents, need to extend and emphasise the role of employment liaison officers, responsible for identifying businesses willing to work with COASTAL participants. The role could be to work between the COASTAL teams and the local employers to negotiate employment places and employment experience. This dialogue may be increased initially through SETs (Specialist European Teams – WEFO).

Recommendation 2

Issue

Whilst there are differences between delivery agents, taken as a whole, COASTAL is not focussed enough on employability and employment outcomes. This creates a funding risk to COASTAL as a whole and also to individual delivery agents.

Evidence

- Analysis of outputs and results.
- Discussions with stakeholders.

Recommendation

The correct balance between COASTAL as an employment project and COASTAL as a social care project needs to be agreed on between the partners as there are some significant differences in opinion and potentially a risk to funding.

Recommendation 4

Issue

The core concept of COASTAL being about employability and employment of participants needs emphasis.

Evidence

- Interviews with stakeholders identified a drift towards provision of care settings for participants.

Recommendation

Some 'mission drift' is noted amongst COASTAL stakeholders. This may be partly as employment outcomes are, so far, very few amongst the COASTAL projects. However, the WEFO / ESF contract is explicit in its requirement of a focus on employability and employment. It is also clear from participant interviews, and speaking to stakeholders, that some COASTAL participants are not ready for employment, and probably never will be. These participants require a social/day-care model, not an employability employment model.