



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Incorporating the Corporate Assessment Report 2014

City and County of Swansea

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This Annual Improvement Report incorporating the Corporate Assessment has been prepared on behalf of the Auditor General for Wales by Steve Barry and Samantha Spruce together with staff of PricewaterhouseCoopers under the direction of Jane Holownia.

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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 Board, 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.

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.

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Summary report

Summary

- 1 In 2013-14, staff of the Wales Audit Office began a four-year cycle of corporate assessments of improvement authorities in Wales. This means that, in addition to an annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each authority will receive an in-depth corporate assessment once during a four-year period. In the intervening years, we will keep track of developments through progress updates.
- 2 Our fieldwork for the corporate assessment focused on the extent to which arrangements are contributing to delivering improved service performance and outcomes for citizens. The corporate assessment sought to answer the following question: **'Is the Council capable of delivering its priorities and improved outcomes for citizens?'**
- 3 The Auditor General has concluded that: **the Council can demonstrate improvement across a range of key services and has developed a clear framework for managing future challenges.** He came to this conclusion because the Council:
 - a has a clear vision of what it wishes to achieve;
 - b has generally robust governance arrangements and is improving access to information about its scrutiny activity;
 - c can demonstrate improvements in a range of key services and recognises the need to accelerate the pace of improvement of its performance monitoring and management arrangements;
 - d has a strong track record of managing its budget and has established comprehensive arrangements for managing the financial challenges it faces in the future;
 - e has a Human Resource Strategy that provides a framework for people management but is inconsistently applied at service level; and
 - f has Asset management arrangements that are aligned with the delivery of the Council's change strategy but service business plans are not consistently incorporating property asset commitments and requirements.

Proposals for improvement

Proposals for Improvement	
P1	Implement planned changes to the reporting arrangements for the key corporate priorities and identify a smaller number of outcomes intended to ensure delivery of the Council's new priorities.
P2	Ensure records of delegated decisions made by officers are accurately recorded.
P3	Increase the pace of implementation of improvements to performance reporting arrangements to provide a balanced range of readily accessible information that assists decision making.
P4	Ensure service business plans consistently incorporate workforce and asset management requirements as expected in corporate guidance.

Introduction

- 4 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. With help from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate Wales (CSSIW), and the Welsh Language 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 City and County of Swansea (the Council) has made since the Auditor General published his last annual improvement report. The report also draws on the Council own self-assessment. Finally, taking all this into account, the report concludes whether the Auditor General believes that the Council is likely to make arrangements to secure continuous improvement for 2014-15.
- 5 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.
- 6 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:
 - a make proposals for improvement – we make such proposals in this report and we will follow up what happens;
 - b make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days. We find no reason to make such recommendations;
 - c conduct a special inspection and publish a report and make recommendations. We find no reason to conduct such an inspection; and
 - d recommend to Ministers of the Welsh Government that they intervene in some way. We find no reason to make such a recommendation.
- 7 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@audit.wales or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

Detailed Report

The Council can demonstrate improvement across a range of key services and has developed a clear framework for managing future challenges



The Council has a clear vision of what it wishes to achieve

- 8 Cabinet members and senior managers we spoke to were clear about what they wished to achieve and referred to the 'top five' priorities of the Council as the drivers for the achievement of that vision. The following priorities were adopted by the Cabinet in January 2015:
 - a Safeguarding vulnerable people
 - b Improving pupil attainment
 - c Creating a vibrant and viable city and economy
 - d Tackling Poverty
 - e Build sustainable communities
- 9 Our survey of senior managers and focus groups indicated that most were aware of the move to five key priorities.
- 10 In recent years a range of different documents have been produced, each setting out specific objectives and each having had an influence over service activity:
 - a The **One Swansea Plan** published in 2013. The Single Integrated Plan setting out the priorities of the Local Service Board (LSB) expressed as six 'population outcomes'. This is updated annually and in 2014 a delivery statement was produced identifying 21 activities across a wide range of services provided by the Council and its partners.
 - b **Standing up for a Better Swansea**, the Council's previous Corporate Improvement Plan 2013-17 included nine improvement objectives. There are clear connections between most of these objectives and those in One Swansea and the majority of measures used to assess performance are shared.
 - c The 10 Policy Commitments of the Labour administration adopted by the Council in July 2012. Most are reflected in the nine improvement objectives in the Corporate Plan but by July 2014 officer reports were describing and reporting against 106 activities as 'policy commitments'.
 - d **Sustainable Swansea – Fit for the Future** (Sustainable Swansea) adopted as a strategy in October 2013 with the delivery programme being adopted in July 2014. The response of the Council to ensuring that it is able to effectively manage a future when the resources it has available to meet local needs will be severely reduced. This strategy is supported by a clear governance framework and includes four work-streams with 14 delivery strands.
 - e The Council is amongst the first in Wales in seeking to embed sustainable development principles into its decision making and activity and was one of the first councils in Wales to report publicly about the topic. The Sustainable Development Policy has 10 aims and seven priority areas and the Council has identified four key challenges it needs to resolve to drive its policy objectives. The majority of these can be linked with the work-streams within the 'Sustainable Swansea' programme.

- 11 Taken together Sustainable Swansea and the Corporate Plan provide a vision of what the Council wishes to achieve in terms of its internal operations and for its citizens and the means by which it intends to manage the challenges it faces now and in the future. The declaration of the ten policy commitments and publicly reporting progress against these commitments represents good practice – but instead of focussing on the intended outcomes of these policy commitments review arrangements have become too focussed on activity tracking.
- 12 The issue facing the Council is that, over time, additional activities have been included in reports which are not only diverting attention from its key priorities but have also resulted in time consuming reporting against a plethora of activities – rather than the results being achieved. This does however offer the Council the opportunity to end time consuming reporting arrangements in favour of the more succinct reporting processes being developed.
- 13 The Council has recently adopted its Corporate Plan for 2015-2017 and has included the measures of progress by which it intends to establish whether its priorities are being met. These measures do not yet consistently meet the intentions proposed in the ‘scorecard’ system being introduced.

Exhibit 1 – Positive Practice – Sustainable Development

Swansea was one of the first Welsh local authorities to publicly report on sustainable development performance, initially focusing on energy consumption and carbon emissions.

The Council’s Sustainable Development Policy was first adopted in 2006 and amended in 2012. It sets out the vision for a sustainable Swansea, defining sustainable development as ‘Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.’ The approach aims to ensure all Council actions and policies are sustainable, by integrating economic, social and environmental goals, whilst pursuing the Community Strategy’s objectives. The Policy sets out 10 aims and seven priority areas.

The Policy is supported by the Sustainable Development Framework which provides information on sustainable development and what it means to the Council in the context of national and local drivers. It sets out a five year action plan for improvements to achieve the Sustainable Development Policy’s vision and aims.

The establishment of a specific focus on integrating the principles into decision making and implementation has enabled the Council to identify the gaps it needs to address in order to discharge its policy. Addressing these gaps is integrated within the Council’s planning framework.

Proposals for improvement

Proposals for Improvement

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|-----------|---|
| P1 | Implement planned changes to the reporting arrangements for the key corporate priorities and identify a smaller number of outcomes intended to ensure delivery of the Council’s new priorities. |
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The Council has generally robust governance arrangements and is improving access to information about its scrutiny activity

- 14 Good governance should result in good management, good performance, good stewardship of public money, good public engagement and ultimately, good outcomes (The Good Governance Standard for Public Services, OPM & CIPFA, 2005). Good governance provides a framework of accountability to users, stakeholders and the wider community, within which organisations take decisions and achieve set objectives.

Cabinet Members are held to account through a number of mechanisms

- 15 The Council has clear mechanisms for holding Cabinet Members to account, this includes the agreement of, and monitoring achievement against, portfolio objectives of each Cabinet member by the Leader of the Council. These portfolio objectives are also fed through to those of senior officers and integrated into service planning. Individual Cabinet Members also attend the Scrutiny Programme Committee on a rolling programme to present their own reports and respond to questions, and, on request may attend scrutiny panels.

Exhibit 2 – Positive Practice – Question Time

The Council provides formal opportunities for members of the public and councillors to pose questions at Cabinet meetings, and for the public to pose questions at Council meetings.

Roles and responsibilities in decision-making processes are clear but records of delegated decisions made by officers are not as transparent as intended

- 16 The Council's constitution sets out responsibilities and roles in relation to decision-making and governance and has been recently updated. Whilst officers and members were content with the levels of delegation in the constitution, a number felt that there was potential to further streamline decision-making by increasing the number of decisions that could be taken through delegated powers.
- 17 The Council publishes forward work programmes for Council, Cabinet and Scrutiny and the scrutiny function employs a number of methods to raise awareness of its work through social media and the preparation of the Scrutiny Dispatches publication. The Council also commits where possible to publish agendas/papers for Cabinet and Council meetings seven days in advance of meetings which is better than the statutory minimum requirement. At formal committee meetings the agenda also includes a clear explanation of why it is necessary to exclude the press and public from part of a meeting.

- 18 The Council does not have a corporate record or publish records of executive decisions delegated to officers. There is a section on the Council's website that indicates it includes a list of such decisions taken by officers, however this has not been populated, a search of the 'decisions taken' shows no results, and could lead to a conclusion that no decisions have been taken. This arrangement thus lacks the intended transparency and should the Council decide to increase levels of delegation the recording and publication of decisions will have greater importance.

The Council's scrutiny structure enables a flexible and focussed approach and access to information about scrutiny activity has improved in recent months

- 19 The Council's scrutiny structure consists of a formal Scrutiny Programme Committee, performance panels and time limited inquiry panels. The structure is intended to enable a more flexible response to issues through the establishment of time limited inquiry panels and affords members the opportunity to participate in the scrutiny of topics that matches their areas of interest.
- 20 However, because the performance panels and inquiry panels are not regarded as 'formal' parts of the Council business at the time of this assessment details of their meetings were not publicised on the Council's website in the same way as other formal meetings. This meant there was a lack of access to information about proceedings and to the information provided to panel members. This meant that the way in which councillors dealt with that information and the results being achieved could not be readily assessed. Whilst some information about activity was subsequently recorded in the Scrutiny Programme Committee minutes, access to specific information was difficult unless the date that an item had been considered was already known – this included difficulty in identifying the programme of proposed activity.
- 21 In recent months the Council has been taking steps to improve access to the information about its scrutiny work. Scrutiny Dispatches are being published explaining current inquiries and a Scrutiny Reports Library provides better access to the reports produced by inquiry panels. Social media is also being used to raise awareness of scrutiny activity.
- 22 The Scrutiny Programme Committee has also approved an action plan that has the potential to improve communication and engagement with scrutiny. There are also clear processes in place for reporting the outputs of scrutiny work and for following up and monitoring the implementation of recommendations, as well as the responsibilities of the Cabinet in responding to recommendations. The Scrutiny Programme Board has also approved proposals to improve the impact of scrutiny including for example by establishing measurable outcomes at the start inquiries.

- 23 Cabinet Advisory Committees were being introduced at the time of this assessment. The constitution refers to functions of the Cabinet Advisory Committees as being:
- a to advise the relevant Cabinet Member as appropriate on matters relating to the Policy Commitments adopted by Council within any portfolio; and
 - b to advise and support the work of the Cabinet and the Council as a whole advising the relevant Cabinet Member on potential changes to Policy and the delivery of major service change and alignment with the direction in **Sustainable Swansea - Fit for the Future**.
- 24 The constitution also includes detailed terms of reference for the Scrutiny functions. Both members and officers recognised the need for effective coordination and operational clarity regarding these arrangements because of the potential for duplication in their work both in terms of the subject matter they examine and the methods they employ to undertake the work. For example the scrutiny programme committee amongst other roles has a role in contributing to corporate and partnership policy and strategy, conducting in depth inquiries into service and policy areas, involving the public in service improvement and policy development and as a 'critical friend' in undertaking pre-decision scrutiny.
- 25 Cabinet Advisory Committees have a role in 'advising the relevant Cabinet Member on potential changes to Policy.' In undertaking their role Cabinet Advisory Committees ways of working described in the constitution are similar to the methods employed by scrutiny functions and can include 'holding enquiries, going on site visits, conducting public surveys, holding public meetings, commissioning research, hearing from witnesses and appointing advisors and assessors.'

The Council has a clear strategy for the development of skills of councillors

- 26 The Council has adopted a learning and development strategy for councillors that sets out a detailed and phased approach to learning and development including a description of how learning needs will be identified and how learning activities will be evaluated. As expected councillors sitting on certain committees such as the Licensing Panel or the Appointments Committee are required to undergo specific training before taking part in proceedings. An annual programme of training and development activities for councillors is in place that gathers views about the quality of training and development.
- 27 Members were generally positive about the support they received. The Standards Committee has also been pro-active in meeting with group leaders and reports annually to council on the work it has undertaken. It also intends to report shortly on the outcomes of its recent meetings with group leaders.

- 28 Members held mixed views on the extent to which the Council had provided support and training to assist them to discharge their roles on outside bodies. Some members felt they had received support from the Council whilst others felt they had not received sufficient support/training on their role.
- 29 Child Protection training is provided for all school staff, governors and school volunteers on a rolling programme. Corporate Safeguarding Training has also been supplied to staff in Social Services and partner organisations and school staff and to some elected members. However, the levels of attendance by some elected members who are school governors has been relatively low.
- 30 We included a survey questionnaire as part of our study of safeguarding arrangements at all Councils in 2014. At that time the Council was below the survey average for the number of people who had received training on safeguarding in the previous six months – 23 per cent at the Council compared with our survey average of 32 per cent. The Council also had proportionally more people who responded indicating they had never received safeguarding training, 15 per cent compared with our all-Wales average of 10 per cent. The Council intends to make safeguarding training mandatory for all. Consequently, a new schedule of safeguarding training sessions started in the summer of 2014 for elected members, executive managers, third-tier managers, fourth-tier managers and all front-line employees.

Whistleblowing arrangements are adequate and the Council's policy has recently been updated

- 31 The Council does not currently have any reported whistleblowing cases, however it has adequate internal arrangements to administer and record cases as and when they do arise. In April 2015 the Whistleblowing Policy document was up-dated to include more information about the role and contact details of external regulators.
- 32 It is positive that the Council has established clear internal responsibility for whistleblowing within the HR function and that whilst limited, some publicity and briefings have been carried out internally on the importance of this and other HR policies.

Governance arrangements for safeguarding are adequate and the Council is undertaking further improvements to the checks it makes to ensure policies are being put into practice

- 33 A Corporate Safeguarding Policy is in place and a Corporate Safeguarding Operational Group monitors its application, which reports quarterly to the Corporate Executive Board and the Public Protection Executive Board. There is a well established Local Authority Designated Officer (LADO) post within children's Services in Social Services and in Education. The Council's emphasis on improving childcare practice standards, coupled with its adoption of the UN Charter on the Rights of the Child, has ensured that safeguarding has a very high profile in the Council.

- 34 Safeguarding is identified as a key corporate risk. The annual review of the Corporate Risk Register in December 2013 identified a series of actions to manage risk which are being co-ordinated by the Corporate Safeguarding Operational Group. In addition, each service area has a risk register which is reviewed on a monthly basis.
- 35 Monitoring and reporting on safeguarding is mainly undertaken through the Children’s Services monthly performance report. The Council recognised that performance reporting arrangements were not comprehensive because they focussed too much on social services and education and is acting to ensure evaluation of performance in other Council services is undertaken and that the Internal Audit service considers assessment of the application of policy when developing its work programme priorities.
- 36 We have provided the Council with a separate report about its safeguarding arrangements that includes proposals for improvement. We will be following up progress during 2015-16.

Proposals for improvement

Proposals for Improvement

P2 Ensure records of delegated decisions made by officers are recorded.

The Council can demonstrate improvements in a range of key services and recognises the need to accelerate the pace of improvement of its performance monitoring and management arrangements

The adoption of the 'scorecard' system of performance reporting will provide the Council with a more effective means of evaluating and managing performance but the pace and quality of implementation at service level is variable

- 37 Last year we said that the Council, in recognition of weaknesses in its performance reporting arrangements, was "reviewing and changing its corporate performance management arrangements". A process of briefing managers on a revised approach that had the potential to provide clearer information about results being achieved and the resources deployed began with Results Based Activity (RBA) workshops for managers in November 2012. This was further refined during November 2013 by senior managers into an intention to produce balanced scorecards.
- 38 The Council informs us that it intends to introduce improved corporate quarterly reporting for 2015-16. The Council recognises that Members have been receiving reports that contain a high volume of data with insufficient information to judge the quality or effectiveness of service. The timing of reporting to members (usually some 10 weeks after the end of the period covered by the data) and limitations in the information (absence of clear, intended standards and the resources deployed) means it is too late to inform significant decision making by members.
- 39 In recent years the Council has dedicated significant time to developing service managers' knowledge of balanced scorecard methods as well as developing an associated structure and guidance for service business plans. Since the completion of the RBA workshops in early 2013 service business plans have been expected to be structured around RBA principles and to identify the outcomes intended from activity described within the plans. Plans that we reviewed show there to have been mixed success. Some showed clear application of expectations but in others there remained a focus on activity rather than outcomes. The Council proposes to review all service business plans for 2015-16 in June 2015 and use an internal "peer review" process as a means of securing consistency in the quality of plans for the future.
- 40 The intended development of the performance reporting arrangements has the potential to provide better, more accessible information that will assist decision making by providing a clearer picture of the results achieved against expectations with the resources deployed. Greater urgency needs to be given to the establishment of a consistent and robust arrangement throughout key activities to support the decisions the Council will be making in the future.

Proposals for improvement

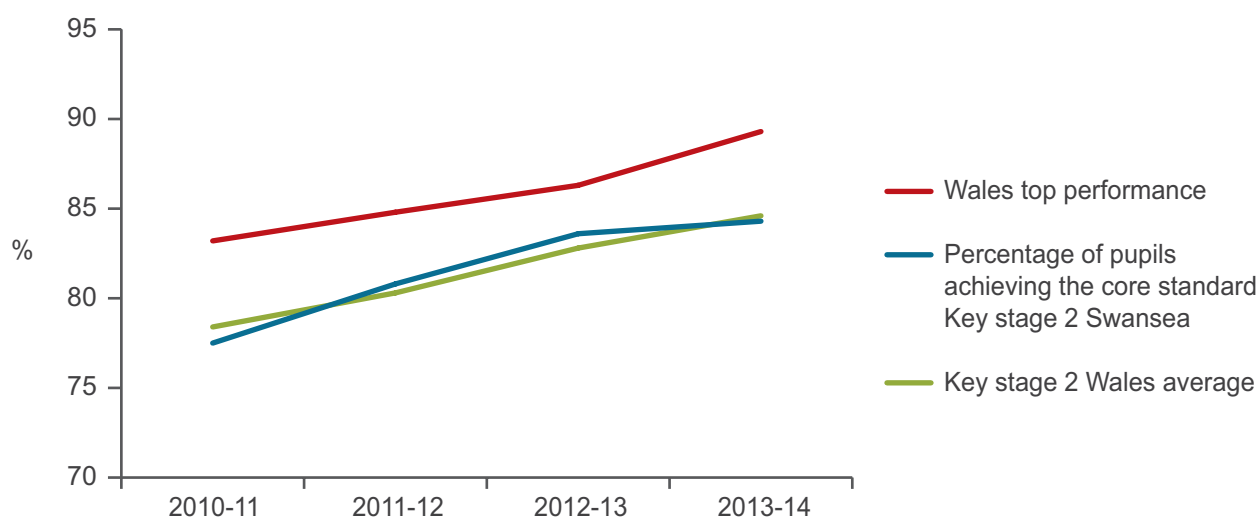
Proposals for Improvement

- P3** Increase the pace of implementation of improvements to performance reporting arrangements to provide a balanced range of readily accessible information that assists decision making.

Whilst real terms expenditure has reduced in recent years, education results have been generally improving and the Council is managing surplus school places effectively

- 41 Reflecting its priorities the Council has sought to provide a degree of protection to education budgets as part of its overall savings strategy. However taking account of inflation real terms outturn expenditure on education fell by £1,767,000¹ in 2013-14 compared to outturn expenditure in 2011-12 .
- 42 The Council has reduced the level of surplus spaces in its schools, in 2010, there were 103 primary and secondary schools in Swansea, with 17.8 per cent of places unfilled. By 2014, the number of schools had reduced to 94, and net surplus places had fallen to 12.5 per cent.
- 43 Pupils in Swansea’s secondary schools consistently achieve GCSE results that are well above that which might be expected when compared with other schools across Wales with similar levels of deprivation. In 2014 (the most recent year for which comparative data is available), 59.1 per cent of 16 year old pupils achieved five or more good GCSE passes that included English or Welsh (first language) and mathematics, above the average for Wales of 55.4 per cent. Eight out of 14 secondary schools were in the top quartile and one in the bottom quartile for this indicator when compared with schools elsewhere in Wales with similar levels of deprivation. Also proportionally fewer pupils are leaving Swansea schools without a qualification than the Welsh average.
- 44 Key stage 2 results have been improving steadily since 2010 and exceeded the Welsh average in 2014. This performance is better than can be expected when compared with other schools across Wales with similar levels of deprivation.

Exhibit 3 – Key stage 2 results have been improving

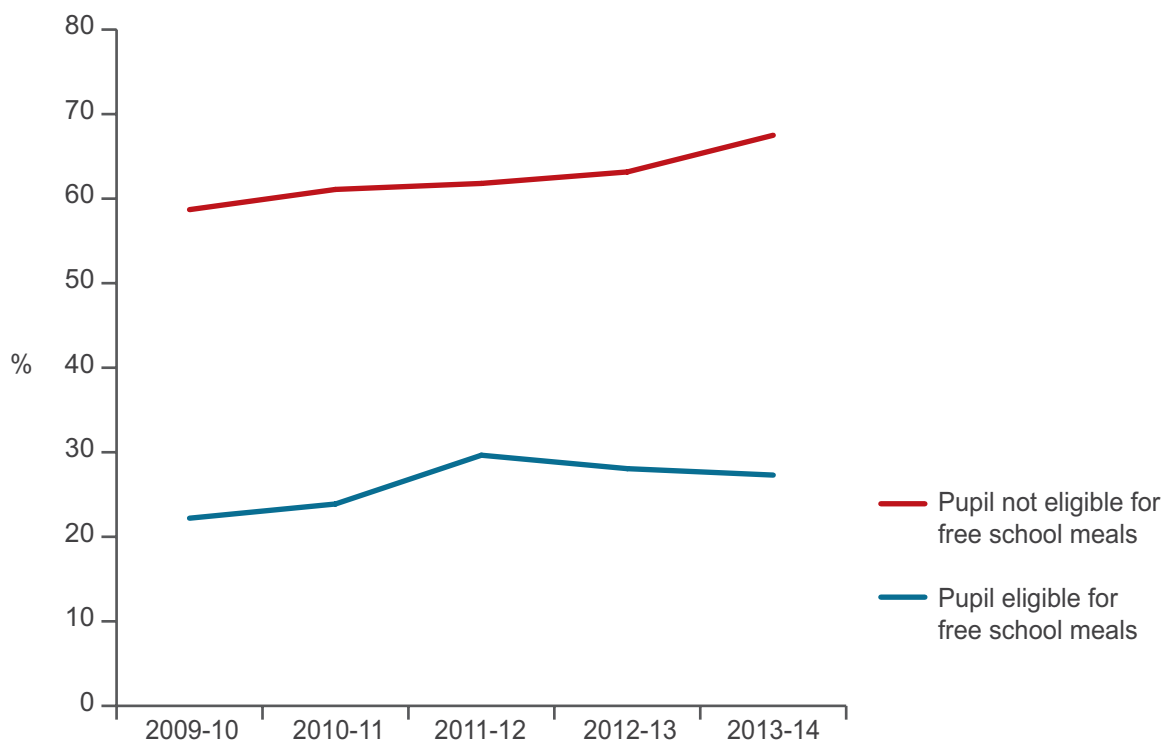


Source: Local Government Data Unit InfoBaseCymru

¹ As measured by Treasury GDP deflators April 2015

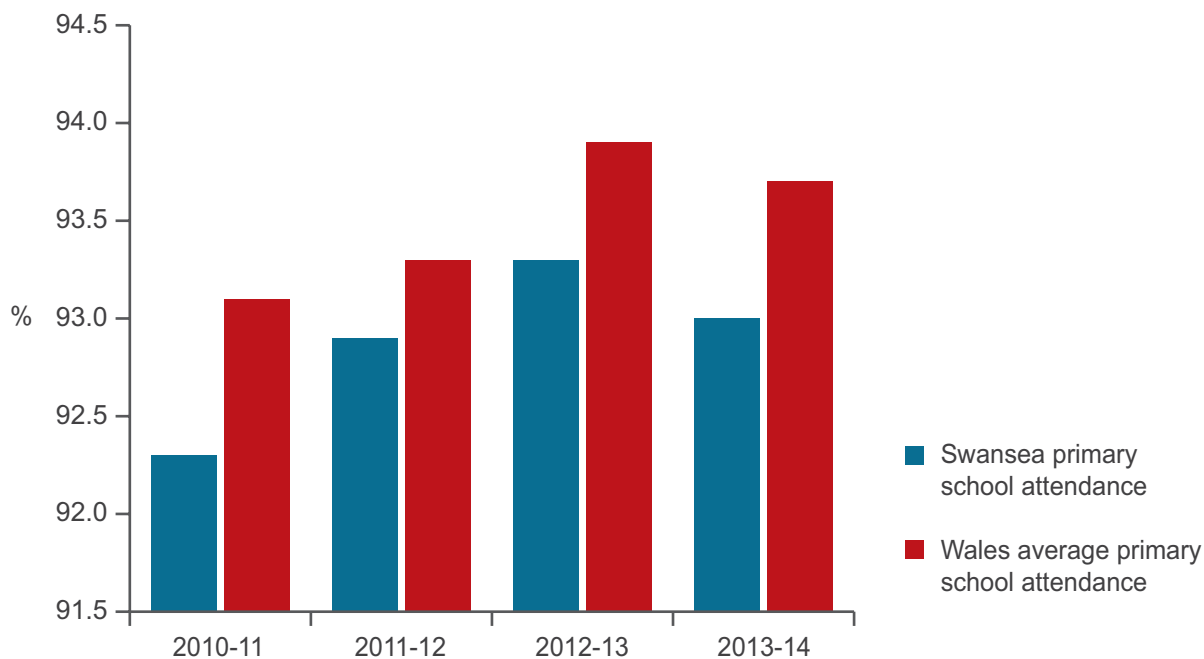
45 The Council aims to improve pupil attainment. When considering results in schools a pupils' eligibility for free school meals is used as a means of identifying those pupils relatively more deprived than others. In Swansea the difference between levels of performance for those pupils who are eligible for free school meals and those who are not has been widening in recent years and is currently greater than the average for Wales.

Exhibit 4 – The gap between pupils in receipt of free school meals who achieved five or more good GCSE passes and those who are not is beginning to widen



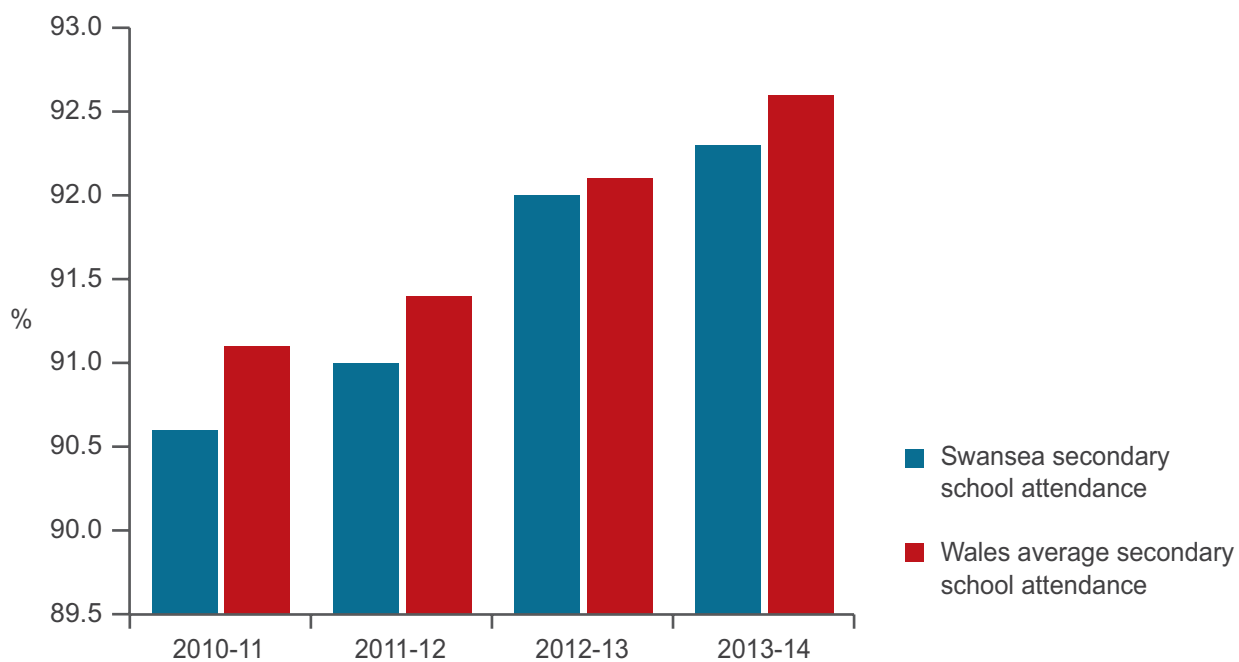
Source: Local Government Data Unit InfoBaseCymru

Exhibit 5 – Primary school attendance has not improved consistently and remains below the Wales average



Source: Local Government Data Unit InfoBaseCymru

Exhibit 6 – Secondary school attendance is improving but remains below the Wales average



Source: Local Government Data Unit InfoBaseCymru

The Care and Social Services Inspectorate Wales found that the Council was improving performance whilst taking steps to improve culture and self-evaluation

- 46 The CSSIW regulates social care and social services in Wales. CSSIW provides independent assurance about the quality and availability of social care in Wales. The CSSIW Performance Evaluation Report 2013-14 for the Council was published in October 2014 a copy can be obtained via the CSSIW website www.cssiw.org.uk.
- 47 The CSSIW considered that the Council was improving performance whilst taking steps to improve culture and self-evaluation. It identified that social services had a clear direction which was supported by corporate plans and a strategic framework.
- 48 CSSIW also found that the Council was making significant progress with its plans for transformational change within adult and children's services and had gained strong political and corporate support for the changes being undertaken.
- 49 Worthy of note is that whilst some NSIs identified comparative weaknesses in performance in Childrens' Services the CSSIW highlighted positive practice in this area. This was because the Council had placed greater emphasis upon early intervention and prevention to ensure children and families were able to gain access to timely help and support and reduce the need for more complex statutory services.
- 50 In adult services CSSIW considered that in terms of delivery, the transformation of adult social services had realised positive results in that the balance of care had moved from the longer stay residential care model to one that was community based and focussed on re-ablement. The Council had invested its resources in a model of social care which was outcome focussed and was promoting prevention and early intervention in order to support and optimise independence for people. Services were working to identify and support strengths rather than focusing solely on need, building individual resilience and that of the local community. CSSIW considered this to be a refreshing and positive approach which empowered people to maintain their independence, their voice and control.
- 51 Reflecting its priority to safeguard vulnerable people, the Council has protected social services when seeking budget savings and whilst savings have been expected, in real terms, revenue expenditure increased by £5.8 million² between 2011-12 and 2013-14.

² As measured by Treasury GDP deflators April 2015

Despite real terms budget reductions the Council has been achieving improvements against key environmental indicators

- 52 'Local environmental services' include environmental health; waste collection and disposal; street cleansing, and cemeteries, cremation and mortuary services. Generally local environmental services have not been protected when setting budget savings targets in the past and it is anticipated that, along with other non-prioritised service areas, savings in the region of 50 per cent of controllable budget will be required in the future. In real terms, revenue outturn expenditure on local environmental services reduced by £1.46 million³ (5.4 per cent) over the period 2011-12 to 2013-14.

The Council has sustained improvement against key environment indicators in recent years

- 53 National Strategic Indicators (NSIs) and PAMs have been established that cover the Welsh Government's strategic priorities or because they reflect issues of importance. The Council can demonstrate sustained improvement in:
- a the reduction in the amount of waste going to landfill and an increase in the proportion of waste re-cycled (Wales ranking being 18th and 16th of 22 Councils in 2013-14);
 - b the proportion of food establishments inspected that are broadly compliant with food hygiene standards (Wales ranking being 14th of 22 Councils); and
 - c the percentage of fly tipping incidents cleared within five working days (Wales ranking being 18th of 22 Councils).

Despite reduced budgets and staff numbers the Council is generally delivering environmental health services at the highest levels

- 54 The Chartered Institute of Environmental Health and the all Wales Heads of Environmental Health Group has, through its Best Practice Standards, sought to further define the range of statutory and discretionary environmental health services delivered by councils in Wales⁴. The standards are subject to regular review and update to take account of changes in statutory guidance; the impact of new legislation or case law; and to reflect new ways of delivering services. The standards define activity in each of the service areas and set out the characteristics that constitute: a minimum standard service; a good standard of service; and best practice in each of the areas. These broadly reflect the statutory obligations for all environmental health services covering 11 areas of activity.

³ As measured by Treasury GDP deflators April 2015

⁴ Chartered Institute of Environmental Health Wales and all Wales Heads of Environmental Health Group, Best Practice Standards, October 2013.

- 55 Council expenditure on these specific elements of the environmental health service has fallen by 2.8 per cent over the period 2011-12 to 2013-14. This was not as much as the Wales average of 4.18 per cent. The budget falling from £2,804,798 in 2011-12 to £2,726,300 in 2013-14. In addition, the Council underspent against its environmental health budget in 2011-12 by 17.9 per cent and by 4.88 per cent in 2012 13.
- 56 The number of staff employed by the Council to deliver environmental health services fell from 57 full time equivalents in 2011-12, to 55.3 in 2013-14. The Council has seen a fall of 25 per cent in the number of Managers/Team leaders, whilst the number of qualified Environmental Health Officers has increased by almost 10 per cent.
- 57 In most environmental health areas the Council is delivering services that are above minimum standard. Overall, the Council is delivering:
- a 47.5 per cent of environmental health services to the highest standard compared to an Wales average of 37 per cent;
 - b 34.2 per cent assessed as being delivered to a good standard compared to an all Wales average of 30 per cent;
 - c 13.3 per cent at the minimum standard of service set compared to an all Wales average of 22 per cent; and
 - d five per cent below the minimum standard (or the standard is not measured by the Council) compared to an all Wales average of 11 per cent.

The Council has reinforced its commitment to respond positively to the needs of Welsh speakers by strengthening the Welsh language service provided

- 58 The role of the Welsh Language Commissioner (WLC) 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 at the end of 2014. Until that time, the WLC will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993, and will enforce standards by investigating statutory complaints, making decisions on statutory investigations, maintaining a register of enforcement action, and imposing civil penalties when appropriate.
- 59 The WLC works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every council is committed to providing an annual monitoring report to the Welsh Language Commissioner outlining its performance in implementing the language scheme. The Welsh Language Commissioner analyses every monitoring report, provides a formal response and collects further information as required.

60 A partial profile of the language skills of the workforce was created as a consequence of conducting staff equality survey. A draft Linguistic Skills Framework has been agreed, however, the Authority decided to delay its adoption until the Welsh Language Standards have been introduced. The Equality Committee visited frontline workplaces, and noted that steps should be taken in order to strengthen the Welsh language service provided. This highlighted the need to provide basic language training for front-line staff, but little progress was made during the year. The Authority intends to introduce a new bilingual version of its public website by the autumn of 2014. The Council reinforced its commitment to respond positively to the needs of Welsh speakers with the launch of Swansea Standard, a list of the values adopted by the organisation to ensure that customers receive the best possible service possible.

The Council has a strong track record of managing its budget and has established comprehensive arrangements for managing the financial challenges it faces in the future

The Council has robust strategic financial planning arrangements but early scrutiny involvement has been limited

- 61 In 2013-14 the Council's gross revenue expenditure was £558,283,000. The Council is implementing a range of actions across all services to achieve a target of £26.2 million savings in 2014-15. Our survey of senior managers and members found that over 95 per cent of respondents strongly agreed or agreed that they were clear about the overall financial position of the Council. The Council is planning to achieve further savings of £21 million in 2015-16.
- 62 The financial challenges facing the Council are set to continue. In February 2015 the up-dated medium term financial plan (MTFP) estimated that future financial reductions, combined with increasing service pressures and demand, will require further savings totalling £86 million over the three financial years ending in 2018-19.
- 63 The MTFP provides the Council with a context for future decision making when it sets its annual budget and council tax. Sustainable Swansea provides the strategy and framework by which the Council intends to achieve the necessary savings and improve the means by which the Council is able to evaluate current delivery and explore options for alternatives in the future.
- 64 The MTFP also highlights the need for a clear focus on the remaining total budget of £737 million to ensure that expenditure is clearly directed towards achievement of the Councils' priorities and that expectations of services and relative priorities are clearly stated. This need is reflected in the MTFP by the inclusion of budget principles and service budget priorities.
- 65 The Council's **Corporate Improvement Plan 2013-2017** provides its overall vision and aims. The link between this and **Sustainable Swansea** is somewhat unclear, which the Council intends to strengthen with the development of the 2015-16 Corporate Plan. It acknowledges that further improvements should be made to strengthen links between key strategies.
- 66 Financial planning is led by the Budget Review Steering Group and formalised departmental meetings. This structure supports the 'Sustainable Swansea' programme. A Strategic Finance team is now also in place to focus on financial planning and to work with directorates to develop work programmes to achieve the level of savings needed. A more collaborative approach to financial planning is developing whereby finance officers are working with services rather than it being purely a central finance function. However, the involvement of scrutiny in financial planning has been limited to date and the Council recognises this as a function to be improved for 2015-16.

The Council has a track record of balancing its budget and is refining its arrangements for reviewing delivery of planned savings

- 67 Since 2011-12 the Council achieved its savings targets. This has been through arrangements that identified the overall sum required and managed delivery of savings within its overall budget. In each of these years, service budgets were supported if necessary, by using a contingency fund to manage service overspends. This use of the contingency fund was planned and predicted in order to address volatility of spend in certain service areas, such as in Looked After Children (LAC). For 2014-15 the Council allocated an increased budget to those services that had 'overspent' in the past in order to emphasise the responsibility of individual services for the management of their expenditure. This service based increase was made available by reallocating the amount that had been previously held in the contingency fund.
- 68 Further improvements to ensure savings are secured in relation to specific proposals have been made through the introduction of a savings 'tracking' tool for 2014-15. This focuses on implementation of specific savings decisions (rather than simply identifying if a sum of money has been saved) and aims to record both the level of savings that have been realised during the year, and to help forecast the level of savings that are expected to be achieved in the remainder of the year.

The Council has a savings strategy based upon realistic assumptions of what can be achieved in the short, medium and longer term

- 69 Through Sustainable Swansea, the Council is committed to changing the design and delivery of services and to a fundamentally different approach to demand management and early intervention. The Council recognises that achieving savings as a result of this approach will take time and significant savings from some of these work streams will not be realised until later years. Consequently, the majority of the savings in the current year 2014-15 and next year 2015-16 will continue to be from efficiency savings.
- 70 The Sustainable Swansea delivery programme has four work streams:
- a Efficiency; aiming to ensure services are as efficient as they can be before services are cut. With a timeline for implementation over the next one to three years.
 - b New models of delivery; moving to other models of delivery which can provide better outcomes and/or cheaper costs. With a timeline for implementation over the next two to five years.

- c Prevention; investing in early intervention and demand management to reduce costs and achieve better outcomes. With a timeline for implementation over the next three to 10 years.
 - d Stopping services; Ending the provision of services that are not core purpose or do not deliver worthwhile outcomes. With a timeline for implementation over the next one to three years.
- 71 The work streams are supported by 14 'delivery strands' and planned savings arising from these activities are estimated over a three year period having regard to the relative ease or difficulty in implementing change.
- 72 The Council is investing in service transformation and has set up a fund of £1.7 million to support service redesign and change costs. The Executive Board has agreed a number of proposals to support the change process by funding work stream secondments, temporarily filling posts of people re-deployed and providing short term additional capacity.

The introduction of revised financial monitoring tools has improved risk management by highlighting threats to the achievement of savings plans

- 73 The Council has clear proposals in place to meet the majority of its savings targets 2014-15 and is taking appropriate steps to deliver them. The implementation of the savings 'tracking tool' has identified those elements of the savings plan that will not be achieved in 2014-15. Compensating plans have been put in place and the application of this new monitoring arrangement has highlighted the level of risk associated with the overall achievement of specific savings plans which will assist future risk management.
- 74 During 2014-15, the Council undertook a review of other savings options. Heads of Service were required to identify additional options which could potentially reduce budgets by 20 per cent, in order to achieve an overall target of £75 million in savings over the next three years. All services were involved, including 'protected' services in Schools and Education (15 per cent savings) and both Children's and Adults Social Care Services (15 per cent savings). Reducing the level of savings required from these other budgets means that Corporate Services and the Place Directorate will need to save around 50 per cent of their controllable budgets to meet the overall target.

A new ICT strategy has been adopted which provides a framework for the future and an assessment of the resource required to drive implementation is underway

- 75 The Council recognises that ICT is a key element for supporting the delivery of 'Sustainable Swansea' and at the time of our assessment was in the process of establishing new 'in-house' arrangements for the support and development of ICT functions.
- 76 An ICT strategy for 2014-2019 was adopted in September 2014 which together with a business operating model for 2016-2018 provides a framework for the future. The strategy has the potential to support improvement and an implementation plan is being developed to support delivery.
- 77 Savings at service level to date have involved 20 per cent reduction of the IT revenue budget from £10.05 million in 2012-13 to £7.8 million in 2014-15. Savings have been achieved through rationalising IT contracts, replacing an ageing IT infrastructure and through voluntary severance of employment. The number of staff involved in the service has reduced from 68 staff in 2012-13 to 53 in 2014-15. Further staff reductions are scheduled during 2015-16 to meet savings targets.

The Human Resource Strategy provides a framework for people management but is inconsistently applied at service level

The Human Resource and Workforce Strategy recognises the need for effective workforce management but workforce planning is not yet consistently integrated into service business plans

- 78 The Council's **Human Resource and Workforce Strategy** (the Strategy) 2013–2017 was updated in October 2014. The Strategy intends 'to transform people performance in Swansea and enable the organisation to manage change effectively and align its Strategies and Plans to workforce management and planning activities'.
- 79 A key aim of the Strategy is to ensure that the Council 'has the right people, in the right place at the right time'. The intent is to enable managers to establish 'effective workforce and succession planning' and to develop managers who are 'confident and capable ... who enable and support their teams through effective, safe and healthy workforce management practices'. The strategy also aims to support and motivate employees by ensuring they understand 'where they fit in the wider organisation and delivering improved services'.
- 80 Since 2008 the Council has been developing arrangements to support managers to improve workforce and succession planning. However, progress has been slow and workforce planning activities are not yet integrated in all service plans. Activity to date has focused on the provision of guidance, a tool kit, a template and data to enable managers to analyse the gender and age profile of the workforce within a service area and integrate with annual business planning. Service Business Planning Guidance for 2015-16 expects all services to include workforce planning as one of four key principles although current Plans show inconsistency in adhering to guidance.

A new appraisal process based on appropriate competencies has been adopted but the Council lacks efficient means to readily determine if appraisals are being carried out effectively

- 81 A new competency based appraisal system came into force in April 2013 and is currently being implemented within the Council. Appropriate key competencies have been adopted that are related to jobs, pay and reward and promote the behaviours required from staff and managers. The Council is also integrating 'change competencies' into appraisal framework.
- 82 A **Managing Employee Performance** policy was developed in October 2013 and at the time of this assessment training was being provided to managers. This policy has features of good practice and has the potential to support managers to more effectively identify and manage poor or under performance.

- 83 The Council lacks a corporate ICT system that enables it to take an overview of the effectiveness of appraisal activity. Systems vary across services and the Council is dependent upon manual systems to bring together management information. The Council does not undertake monitoring or quality sampling of completed appraisals and is unable to readily undertake any quality control or identify those managers who may have development needs in this area.
- 84 Generally the transition from manual to electronic transactional activity for human resources functions has been slow, with online payslips and expenses being implemented but timesheets and annual leave recording still being dependent upon manual systems.

Overall levels of sickness absence have been reducing since 2011-12

- 85 The Council has developed a **Corporate Health, Safety and Well Being Action plan 2013-2016**, which contains advice and support designed to manage sickness absence and improve staff well-being. The Council has set a target to reduce long term sickness absence by 10 per cent against 2013-14 levels and Heads of Service are expected to incorporate sickness absence into their business plans 2014-2016.
- 86 Since 2011-12 the number of working days lost due to sickness absence has fallen from 11.55 days to 8.79 days per full time equivalent staff.

Asset management arrangements are aligned with the delivery of the Council's change strategy but service business plans are not consistently incorporating property asset commitments and requirements

- 87 The Council has an Asset Management Plan covering the period 2013–2017 (the Plan) which shows the Council owns major land and buildings valued at approximately £600 million. The Plan stresses the need to dispose of property, generate capital receipts and provide suitable accommodation but it does not reflect upon the costs of maintaining such a large property portfolio and whether this aligns with new Council priorities and represents value for money.
- 88 Assets form one of the delivery strands within the 'Efficiency' work stream of Sustainable Swansea. Activities of the Corporate Building and Property Service are integrated within Sustainable Swansea, for example considering the impact of agile working on the Council's property needs, and Area Reviews including the Community Transfer of assets.
- 89 Services are expected to identify their asset requirements as part of their service business planning process. Good practice would expect inclusion of key land and buildings details currently used by each service; future land and buildings requirements; and other issues such as maintenance costs and access. The service business plans we reviewed had little if any reference to property assets.
- 90 Property performance is reported in different formats at different times of the year such as:
- a progress reports on asset strands of Sustainable Swansea to the Efficiency Board;
 - b provision of a high level balanced score card on service performance to the Place, Performance and Financial Monitoring Panel;
 - c high level performance information on capital programme and land and property disposal target achievements to Budget Review Steering Group;
 - d information reports to the Accommodation and Asset Management Working groups; and
 - e for the Council's Executive when a decision regarding the Property Portfolio is required.
- 91 The estimated total backlog maintenance costs now stands at £268 million and has reduced from over £360 million. The Council has achieved a 35 per cent reduction over and above inflationary increases. This positive impact of the Council's Property Strategy on property condition has not been reported to Cabinet in the last year and is not reflected in standard quarterly reporting.

Proposals for improvement

Proposals for Improvement

- P4** Ensure service business plans consistently incorporate workforce and asset management requirements as expected in corporate guidance.

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 – Certificate of compliance

Audit of City and County of Swansea's 2014-15 Improvement Plan

Certificate

I certify that I have audited the City and County of Swansea's (the Council) Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- a make arrangements to secure continuous improvement in the exercise of its functions;
- b make arrangements to secure achievement of its improvement objectives; and
- c make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas
Auditor General For Wales

CC: Lesley Griffiths, Minister for Local Government and Government Business

Huw Lloyd Jones, Manager

Helen Keatley, Performance Audit Lead

Audit of the City and County of Swansea's assessment of 2013-14 performance

Certificate

I certify that I have audited City and County of Swansea's (the Council) assessment of its performance in 2013-14 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- a in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- b in meeting the improvement objectives it has set itself;
- c by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- d in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas
Auditor General for Wales

CC: Leighton Andrews, Minister for Public Services

Steve Barry, Manager

Samantha Spruce, Performance Audit Lead

Appendix 3 – Annual Audit Letter

Councillor Rob Stewart – Leader

City and County of Swansea
Civic Centre
Oystermouth Road
Swansea
SA1 3SN

Dear Councillor Stewart

Annual Audit Letter – City and County of Swansea 2013-14

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 30 September 2014, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council'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 Audit Committee in my Audit of Financial Statements report on 17 September 2014, and a more detailed report will follow in due course.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

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. 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.

The Council is continuing to improve its financial management arrangements so that it is able to address the financial challenges ahead.

The Auditor General is currently conducting a Corporate Assessment of the Council and our findings will be shared with management in due course.

I have not yet issued a certificate confirming that the audit of the accounts has been completed

When I issued my audit opinion, on 30 September 2014, I was not able to issue a certificate confirming that the audit of the accounts had been completed because the Pension Fund's Annual Report had not been finalised. On 26 November 2014, I issued an unqualified opinion with regard to the consistency of the accounting statements with the Pension Fund's Annual Report.

A certificate confirming that the audit of accounts has been completed is to be issued following the Council's approval of the accounting statements, in accordance with regulation 11 of the Accounts and Audit (Wales) regulations.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2014-15 accounts or key financial systems

My annual grant report for 2012-13 confirmed that 44 grant claims were certified by PwC. Of those 16 were unqualified without amendment, 15 claims were amended following our audit, seven claims were certified with a qualification and six claims were amended and qualified. A detailed report on my grant certification work for 2013-14 will follow in March 2015 once this year's programme of certification work is complete.

The financial audit fee for 2013-14 is currently expected to be in line with the agreed fee set out in our report to Cabinet on 23 September 2014.

Yours sincerely

Kevin Williams (PwC)

For and on behalf of the Appointed Auditor
Cc Mr Jack Straw – Chief Executive

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