

City and County of Swansea Council Annual Audit Summary 2022

This is our audit summary for the City and County of Swansea Council. It shows the work completed since the last Annual Audit Summary, which was issued in March 2022. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 75 councillors who represent the following political parties:

- Labour 45
 - Labour 43
 - Labour and Cooperative Party 2
- Liberal Democrat 11
- Independents 11
 - Independent 5
 - Uplands 4
 - Independents@Swansea 2
- Conservative 7
- Green 1

The Council spent £457.9 million on providing services¹ during 2021-22².

¹ We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

² Source: 2021-22 Statement of Accounts

Key facts

As at 31 March 2022, the Council had £186.7 million of useable financial reserves³. This is equivalent to 40.8% of the Council's annual spending on services⁴.

Swansea has 11% of its 148 areas considered to be within the most deprived 10% of areas in Wales, this is the 8 highest of the 22 unitary councils in Wales⁵.

The population of Swansea is projected to increase by 6% between 2020 and 2040 from 247,900 to 263,000, including a 1% increase in the number of children, a 3% increase in the number of the working-age population and a 21% increase in the number of people aged 65 and over⁶.

The Auditor General's duties

We completed work during 2021-22 to meet the following duties

- **Continuous improvement**
During 2021-22, the Auditor General had to assess whether the Council had met its performance reporting requirements in relation to 2020-21.
- **Audit of Accounts**
Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money**
The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.
- **Sustainable development principle**
Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

³ We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

⁴ Source: 2021-22 Statement of Accounts

⁵ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

⁶ Source: Stats Wales

What we found

Audit of the City and County of Swansea Council's 2021-22 Accounts



To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

Each year we audit the Council's financial statements.

For 2021-22:

- given the continuing slippage arising from the COVID-19 pandemic and national issues relating to the disclosure of infrastructure assets, the Welsh Government provided flexibility for both the accounts preparation and the audit deadlines, extending the latter from 30 November 2022 to 31 January 2023.
- the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 31 March 2023.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- the quality of the draft statements presented for audit on 16 November 2022 was generally good.
- a number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Governance and Audit Committee in our Audit of Financial Statements Report in March 2023.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work to date has not identified any significant issues.
- the Auditor General issued the certificate confirming that the audit of accounts for 2021-22 has been completed.

Continuous improvement

The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2021-22, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

Assurance and risk assessment review

We reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. Our work focused on the following aspects of the Council's arrangements:

- The Local Government and Elections Act (Wales) 2021
 - Arrangements for Self-assessment and Panel Assessments
 - Arrangements for the Consultation Duty and Participation Strategy
 - Arrangements for the changes to Governance and Audit Committees
 - Arrangements for establishing Corporate Joint Committees
 - Use of the General Power of Competence
- Carbon reduction plans
- Financial position

Our findings from this work are set out in:

- [Audit and Risk Assessment Progress Update \(September 2022\)](#)
- [Assurance and Risk Assessment Progress Update – Carbon Reduction \(November 2022\)](#)
- [Assurance and Risk Assessment 2021 – Financial Position Update \(February 2023\)](#)

Other inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response.

CIW completed an assurance check on social services in November 2021. They produced a [letter](#) which identified strengths and areas for priority improvement.

Estyn and Audit Wales completed a joint inspection of the education services in the City and County of Swansea in June 2022. They made two recommendations [in their full report](#).

Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

Joint working between Emergency Services (January 2022)

This report examines whether emergency services in Wales are working more closely together to make better use of resources. Joint working across emergency services to make best use of resources is not a new concept. Emergency services have been working closely together to provide a better service to the public for many years. Innovative partnership initiatives have saved money, reduced local response times and have contributed to protecting the public. Despite this, there are growing expectations from government policy and legislation that collaboration needs to happen more deeply and quickly to ensure front line services can meet the challenges facing 21st century Wales. Overall, we concluded that blue light emergency service collaboration is slowly growing but requires a step change in activity to maximise impact and make the best use of resources.

Direct Payments (April 2022)

Direct Payments are an alternative to local-authority-arranged care or support and can help meet an individual's or a carer's need. They aim to give people more choice, greater flexibility and more control over the support they get. Our report looked at how Direct Payments help sustain people's wellbeing and whether they are improving quality of life. We also looked at how local authorities manage and encourage take up of Direct Payments and whether these services present value for money. We found that Direct Payments are highly valued, with the people we surveyed acknowledging that they help them remain independent. But we also found that managing and supporting people to use Direct Payments varies widely resulting in service users and carers receiving different standards of service.

'Time for Change' – Poverty in Wales (November 2022)

Poverty in Wales is not a new phenomenon and tackling poverty, particularly child poverty, has been a priority for both the Welsh Government and councils in Wales. The current cost-of-living crisis means that more people are being affected and families who have been living comfortably are moving into poverty for the first time. Many of the levers that could be used to alleviate poverty are outside of Wales's control. The Welsh Government adopted a Child Poverty Strategy in 2011, but this is out of date and the target to eliminate child poverty by

2020 was dropped. Councils and partners are prioritising work on poverty, but the mix of approaches and a complicated partnership landscape mean that ambitions, focus, actions, and prioritisation vary widely. The Welsh Government makes significant revenue funding available but, due to the complexity and nature of the issues, the total level of spend is unknown, and no council knows the full extent of its spending on alleviating and tackling poverty. The short-term nature of grant programmes, overly complex administration, weaknesses in guidance and grant restrictions, and difficulties spending monies means that funding is not making the impact it could. Councils find it hard to deliver preventative work because of the sheer scale of demand from people in crisis.

‘A missed Opportunity’ – Social Enterprises (December 2022)

Social Enterprises sit between the public and private sectors. They apply commercial strategies to maximise improvements in financial, social and environmental well-being, often for individual groups in society, defined communities or geographical areas. Social enterprise work in every sector of the Welsh economy and in all parts of the country and are increasingly prominent in Welsh Parliament legislation. While local authorities claim they value Social Enterprises, few have mapped their activity and most authorities do not know the scale of provision within their area. Less than a third of local authorities consider themselves to have a proactive and supportive relationship with Social Enterprises and none have a dedicated strategy or policy that charts how they intend to promote and grow the sector. As a result, local authorities are missing out on the potential for Social Enterprises to help deliver services that can improve people’s quality of life. Current procurement and commissioning arrangements often unintentionally discourage Social Enterprises to engage because they are overly bureaucratic. Social value – the added value that commissioning processes can deliver – does not feature as a key driver for many local authorities. Most local authorities are not delivering their responsibilities under the Social Services and Wellbeing (Wales) Act 2014 and effectively promoting Social Enterprises.

‘Together we can’ – Community resilience and self-reliance (January 2023)

At a time when there is likely to be further reductions in public spending, local authorities are showing an increasing interest in encouraging and growing community resilience; equipping people to do more for themselves and be less reliant on the state. While 19 of the 22 local authorities are prioritising community resilience, too often the work is poorly defined and the actions that underpin plans are narrowly focussed. Given the societal, financial and demographic challenges facing Wales there is a need to scale and speed up activity. Capacity, resources and skills are scarce, people are facing tougher choices and struggling to cope with the cost-of-living crisis. Communities and local authorities themselves also have different abilities and are starting from different places with their own unique challenges to overcome. We highlight positive practice and examples of how others are seeking to address the challenge of enabling people to be less reliant on local authority services and how they are supporting and enabling this transition.

Ongoing work

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

- Ongoing 2021-22 work:
 - Springing Forward Thematic review – Workforce
 - Springing Forward Thematic review - Assets
 - Transformation review
- Our planned work for 2022-23 includes:
 - Assurance and risk assessment including a focus on:
 - Capital programme management
 - Use of performance information – with a focus on service user feedback and outcomes
 - Setting of well-being objectives
 - Recovery Planning – to be included as part of the 2021-22 Transformation review work
 - Thematic review – unscheduled care. This review covers the health and local government sectors
 - Thematic review – digital

The Auditor General is independent of government and was 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 Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission, and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.