



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Gwynedd Council

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About the Auditor General for Wales

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

This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Huw Lloyd Jones and Nigel Griffiths under the direction of Alan Morris.

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Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities and national parks are planning for improvement in delivering their services. This report draws on the work of the relevant Welsh inspectorates, as well as work undertaken on the Auditor General's behalf by the staff of the Wales Audit Office. The report covers Gwynedd Council's (the Council) delivery and evaluation of its services in 2012-13, its planning for improvement in 2013-14 and, taking these into account, concludes whether the Auditor General believes that the Council will make arrangements to secure continuous improvement for 2014-15.
 - good progress has been made in a range of initiatives aimed at increasing the supply of suitable housing in the County;
 - good progress has been made in promoting and delivering projects to improve the local economy and in laying the foundations for a wide range of future initiatives; and
 - initiatives to promote and support the use of the Welsh language in the County continue.
- 2 We found that, in 2012-13, good progress has been made in the delivery of a number of the Council's priorities but further improvements are required in some key services. We came to this conclusion because:
 - performance across a range of the Council's services compared well with other local authorities in Wales;
 - a majority of Gwynedd's residents believe the Council provided high-quality, value-for-money services;
 - support for vulnerable people has improved in some areas but there was mixed performance in adult, children's and homelessness services;
 - performance across Gwynedd's primary schools in 2012 was average but too many secondary schools were underperforming;
- 3 We also found that recent changes in the Council's governance arrangements are likely to strengthen its ability to evaluate and improve services. We came to this conclusion because:
 - establishment of the Governance Arrangements Assessment Group and implementation of the Ffordd Gwynedd programme are likely to assist in the evaluation of performance and the delivery of service improvements;
 - monitoring of service performance has improved but some areas of the Council's performance management framework require strengthening ;
 - revised scrutiny arrangements have helped members to focus on the effects of the Council's policies on the people of Gwynedd;
 - improvement reporting duties required of the Council under the Measure have been met although there is scope to comply more fully with guidance from the Welsh Government; and

- the Council complied with financial reporting requirements but there is further scope for it to strengthen its financial controls.

4 Finally, we found that, in 2013-14, plans to support improvements to the Council's services were generally sound but would benefit from a better range, quality and presentation of performance information. We came to this conclusion because:

- the 2013-14 Improvement Plan and improvement objectives met the requirements of the Measure;
- lack of consistency in the range, quality and presentation of the performance information in the 2013-14 Improvement Plan makes it difficult to establish the scale of service improvements the Council wishes to achieve; and
- despite significant and continuing challenges, the Council continues to manage its financial position well.

5 Taking the above into account, the Auditor General believes that the Council is likely to make arrangements to secure continuous improvement for 2014-15.

Detailed report

Introduction

- 6 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.
- 7 With help from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (CSSIW) and the Welsh Language Commissioner, we have brought together a picture of what Gwynedd Council (the Council) is trying to achieve, how it is going about it, and the progress the Council has made since the Auditor General published his last Annual Improvement Report. The report also draws on the Council's own self-assessment of its governance arrangements and performance. 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.
- 8 We do not undertake a comprehensive annual review of all the Council's governance arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge and the findings of our prioritised work which, this year, included an assessment of the Council's progress against two of its improvement objectives:
- Economy – the local economy will prosper, there will be fair opportunities for all to be part of the working world and Gwynedd will be an exciting place to live with vibrant communities; and
 - Environment and Infrastructure – there will be a supply of suitable housing in the County.
- 9 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- make proposals for improvement – if proposals are made to the Council, we would expect them to do something about them and we will follow up what happens;
 - make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection and publish a report and make recommendations; and
 - recommend to Ministers of the Welsh Government that they intervene in some way.
- 10 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@wao.gov.uk or writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.

Good progress has been made in the delivery of a number of the Council's priorities but further improvements are required in some key services

Performance across a range of the Council's services compared well with other local authorities in Wales

- 11 My 2013 Annual Improvement Report concluded that many areas of the Council's services – as measured by its key indicators and the National Strategic Indicators (NSIs) – were performing well. This remains the case. The Council's performance in 2012-13 improved or remained the same in 71.9 per cent (2011-12 = 71.4 per cent) of the indicators with 66.7 per cent (2011-12 = 65.8 per cent) exceeding the Welsh average.
- 12 The Welsh Government's Local Authority Services Performance Report, published in January 2014, also showed that the Council performed well in a number of areas in 2012-13. When compared with the other local authorities in Wales, the Council's performance was in the upper or middle quartiles for 17 of the 18 indicators included in the Report. Performance exceeded the Welsh average in 50 per cent of the indicators.

A majority of Gwynedd's residents believe the Council provided high-quality, value-for-money services

- 13 Each year the Welsh Government undertakes a national survey to obtain the views of the people of Wales on a range of issues including health, education and local services. The 2012-13 survey showed that 57 per cent of Gwynedd's residents strongly agreed or tended to agree that the Council provided high-quality services. This is in line with the average for the other local authorities in Wales.

- 14 The views of Gwynedd's Citizens Panel supported the results of the national survey with 57 per cent very satisfied, and 27 per cent satisfied, with the way the Council delivered its services in 2012-13. In addition, 51 per cent of the Citizens Panel were very satisfied, and 28 per cent satisfied, that the Council delivered value for money in the provision of its services.

Support for vulnerable people has improved in some areas but there was mixed performance in adult, children's and homelessness services

- 15 The CSSIW concluded in their evaluation of the provision of social care services in 2012-13 that, overall, the Council's performance was mixed. Whilst there were areas of improvement, including the management of children's referrals, others, such as timely reviews of looked after children, continue to need attention. The CSSIW also concluded that the Council had not delivered improvement in a number of important areas of performance and commissioning that were necessary to improve the quality of services and ensure sustainability in the future.
- 16 The timely implementation of commissioning plans for older people's services and learning disabilities was identified as an area for improvement in CSSIW's 2011-12 performance evaluation. Although there has been progress in some areas in 2012-13, the Council has not consistently delivered on its plans. There is a risk that continuing delays in modernising adult services could lead to unsustainable and poor-quality services in the future.

- 17 The Council continues to run a large number of residential services for older people which, in the long term, will prove increasingly difficult to sustain. The number of older people (aged 65 or over) supported in care homes increased from 601 as at 31 March 2012 to 625 at 31 March 2013. The rate of older people whom the Council supports in care homes per 1,000 population aged 65 or over on 31 March 2013 remains above the Welsh average and was the second highest amongst all the local authorities in Wales. The Council is developing plans to rationalise the number of residential beds within its care homes.
- 18 The number of older people the Council supported in the community decreased slightly from 1,200 as at 31 March 2012 to 1,178 at 31 March 2013. The rate of older people supported in the community per 1,000 population aged 65 or over on 31 March 2013 remains significantly below the Welsh average and was the second lowest amongst all the local authorities in Wales.
- 19 Although there remains a continuing need to develop community support services for older people and those with learning disabilities, the Council progressed a number of projects during the year including the:
- development of an extra care facility in the Bangor area in partnership with North Wales Housing which, when completed, will provide an additional 55 beds for older people;
 - opening of a six-bed unit in Penygroes for supporting older people in need of intensive support; and
- establishment of a day-care dementia service in Plas Hedd in partnership with the Betsi Cadwaladr University Health Board.
- 20 Access to social care services was good and well supported by an effective advice and assessment team. The Council's performance in reviewing adult care plans continued to improve and was close to the Welsh average. Support for carers was readily accessible. The Council established a carer's office in Ysbyty Gwynedd in 2012-13. Sound operational arrangements were in place for the protection of vulnerable adults. The Council is continuing, in conjunction with the Isle of Anglesey County Council, to establish a joint adult safeguarding board.
- 21 The report by Estyn and the Wales Audit Office on the quality of the Council's education services for children and young people, published in July 2013, concluded that the Council had appropriate arrangements to ensure that safeguarding procedures are sound in schools. However, procedures to ensure a clear understanding of roles and responsibilities for child protection and safeguarding at a corporate level and between departments were not clearly understood. As a result, Estyn concluded that the Council's safeguarding arrangements for children and young people did not meet the statutory requirements and were a cause for concern. The Wales Audit Office, Estyn and CSSIW are currently revisiting this area and we will publish our findings in the next cycle of our improvement assessment work.

- 22 The Council does, however, provide a number of effective services to support children and their families. Performance improved in a number of areas in 2012-13 including the timeliness of initial and core assessments of children's needs and an increased allocation of referrals to social workers.
- 23 The Council's performance in the provision of services for looked-after children was patchy. The number of children looked after by the Council continued to increase in 2012-13. Fostering and residential services were good but more needs to be done to evaluate looked-after children's experiences of the services they receive. School attendance and educational attainment by looked-after children were good and the Council maintained effective contact with children they had formerly looked after. The timeliness of child protection conferences, identified as an area for development by CSSIW in 2011-12, improved during 2012-13.
- 24 There has, however, been a further deterioration in the timeliness of education plans and medical checks for looked-after children, which remain priority areas for improvement. The timeliness of reviews for looked-after children deteriorated in 2012-13 despite being highlighted by CSSIW as an area for development. The Council's performance in this area is now amongst the worst in Wales.

Performance across Gwynedd's primary schools in 2012 was average but too many secondary schools were underperforming

- 25 The report by Estyn and the Wales Audit Office referred to in paragraph 21 concluded that, on a four-point scale (excellent, good, adequate and unsatisfactory), the Council's performance in the provision of its education services for children and young people was adequate.
- 26 The proportion of learners in Gwynedd who are eligible for free school meals was the fourth lowest in Wales in 2012. When these low levels of deprivation are taken into account, performance was average in primary schools. However, and based on 2012 results, too many secondary schools were underperforming at key stage 4 (16 year olds).
- 27 Performance in key stage 2 (11 year olds) in 2012 was slightly better than the Wales average. The percentage of pupils gaining the core subject indicator at key stage 2 was higher than the Wales average, but too few learners achieved the higher levels. When compared to schools elsewhere in Wales with similar levels of deprivation, performance in primary schools was average in both the Foundation Phase and in key stage 2.

- 28 In key stage 3 (14 year olds), the percentage of pupils achieving the core subject indicator was the best in Wales. However, performance on the majority of indicators at the end of key stage 4 did not improve as much as the rest of Wales in 2012. When compared with similar schools across Wales, performance at key stage 3 was good, with one half of secondary schools in the top quarter and no schools in the bottom quarter. However, there were too many schools in the bottom quarter on most of the main indicators at key stage 4. This has been the picture over the last four years.
- 29 In 2012 no Gwynedd learners left school without any recognised qualification. This was the best performance in Wales. In 2012 the gap in performance between pupils entitled to free school meals and other pupils was less than the national average in key stages 2, 3 and 4. Generally, particular groups of learners, including vulnerable groups and those with additional learning needs, attained their expected levels or better.
- 30 The Council has introduced a reading test across all of its schools. These tests indicated that learners overall performed slightly better in Welsh than English and that learners in receipt of free school meals and boys performed less well than others. At the end of primary education, three quarters of learners achieved functional literacy. This was about average when compared with other authorities.
- 31 The number of entries at GCSE for Welsh first language was high when compared with other authorities. There was good progression in Welsh first language between key stages, and late-comers to Welsh-medium education made very good progress on leaving short-term intensive provision. Standards were good across key stages and the percentage of learners achieving the higher levels in key stages 2 and 3 were higher than the Wales average. Many pupils succeeded in attaining an A*-C grade in Welsh first language at GCSE at the end of key stage 4. Many young people being helped by the youth service attained well on a wide range of non-formal qualifications.
- 32 Learners participated well in a range of activities that contributed towards improving their wellbeing. Children and young people developed their understanding of the importance of nurturing safe and healthy attitudes well through a variety of projects. Children and young people's participation in national sports development programmes was among the highest in Wales against all measures.
- 33 Pupils' attendance in primary schools was good and compared well with similar schools across Wales, with a third of schools being in the top quarter. However, in 2011/12, attendance in half of the secondary schools was in the lowest quarter compared with similar schools. Four schools have been in the lowest quarter for the past four years and one for the past three. Estyn reported that this was a significant shortcoming. Vulnerable pupils' attendance was consistently good.

- 34 The rate of permanent exclusions in secondary schools has been reducing over the last three years although there was a significant increase in 2011/12. Fixed-term exclusions of five days or less are among the lowest in Wales, and exclusions of six days or more are below the Wales average.
- 35 The percentage of Year 11 leavers who were not in education, employment or training in 2012 was lower than the Wales average. However, the pace of reduction over the last four years has been slower than the Wales average. The percentage of young people who remain in full-time education post-16 increased significantly in 2012 and was above the Wales average.
- 36 The Council has a clear understanding of its strengths and areas for development in relation to its provision of services for pupils with additional learning needs, and has made several important changes over recent years. This includes closing the units for pupils with general learning difficulties and developing a team of specialist teachers who support pupils in mainstream schools. As a result of this change, more pupils now receive specialist support and pupils with additional learning needs can attend their local schools. The percentage of statements completed within statutory timescales is consistently high. The number of appeals to the Special Educational Needs Tribunal for Wales over the past three years has been low.
- 37 The number and proportion of surplus places in Gwynedd's primary and secondary schools remain amongst the highest in Wales. This position has deteriorated in recent years and a further decline in secondary pupil numbers is predicted. The pace of change in addressing surplus places has been slow and the Council has, until recently, not given sufficient priority to school reorganisation.
- 38 However, since the last Estyn inspection in 2009, the Council has begun to tackle this issue more rigorously and to take difficult decisions to rationalise school places. Officers have developed a comprehensive methodology to evaluate the sufficiency of the Council's schools and to inform options for the rationalisation of provision for the future. This framework has promoting standards as a key criterion when considering school rationalisation and has been formally adopted by the Council. The Council's approved 21st Century Schools Band A Programme includes rationalisation and investment projects. The programme has good information and data on the condition and suitability of its school buildings, which enables the Council to prioritise capital investment appropriately.
- 39 There was a sufficient supply of nursery places across the County, in schools and in commissioned non-maintained settings, and this was monitored regularly to ensure access for all. The quality of provision was generally good. The Council evaluated the standard of provision well across all nursery settings, supported staff and dealt promptly with instances of underperformance. The Gwynedd Ni resource offered a good range of information to parents, carers and families.

Good progress has been made in a range of initiatives aimed at increasing the supply of suitable housing in the County

- 40 The Council is the lead partner in the Gwynedd Housing Partnership, a strategic alliance of stakeholders that also includes four housing associations and the Snowdonia National Park Authority. One of the aims of the Gwynedd Housing Partnership is to increase the supply of suitable housing by maximising the impact of the resources available and responding to local housing demand. During 2012-13, the Gwynedd Housing Partnership increased the supply of affordable housing, reduced the number of empty houses and tackled fuel poverty by improving the energy efficiency of the housing stock.
- 41 The number of affordable homes created during the year increased from 63 in 2011-12 to 77 in 2012-13. This figure includes newly-built homes and affordable homes provided as a result of other initiatives such as the Gwynedd Home Buy Scheme. In addition, 48 private sector empty houses were brought back into use through a combination of Council incentives and enforcement action. This is the same number as that achieved in 2011-12.
- 42 The Gwynedd Housing Partnership successfully reduced some households' dependency on fossil fuels. All of the Housing Carbon Footprint Plan annual deadlines were met and the targets for providing energy-related advice and for renewable energy installations were both exceeded. Over 600 homes received energy-saving advice and/or energy-saving measures through the Here to Help scheme (which ended in 2013) and 265 renewable energy installations were fitted. A number of residents from the Carmel and Fron areas will benefit from further energy efficiency measures over the next two years.
- 43 In 2010, the Council transferred its housing stock of nearly 6,300 homes to a registered social landlord, Cartrefi Cymunedol Gwynedd, which is responsible for ensuring that these homes meet the Wales Housing Quality Standard by 2020. At the end of 2012-13, 614 of the nearly 6,300 homes were fully compliant with the Welsh Housing Quality Standard. Cartrefi Cymunedol Gwynedd reports that a significant proportion of the remaining homes are already partially compliant and expects all its housing stock to be fully compliant by the end of 2015.
- 44 The prevention of homelessness is closely linked with efforts to increase the supply of suitable housing through, for example, the creation of affordable private sector tenancies. The percentage of all potentially homeless households for whom homelessness was prevented for at least six months improved significantly from 66 per cent in 2011-12 to 92 per cent in 2012-13. After two years of deteriorating performance, this is more in line with that previously achieved by the Council. However, the average number of working days between homeless presentation and the Council's discharge of its duty to households found to be statutorily homeless deteriorated from 143 days in 2011-12 to 161 days in 2012-13. The Council's 2013-17 Strategic Plan recognises the effect that poverty and deprivation in the County has on the number

of homeless people. The work programmes for 2013-14 include a range of initiatives aimed at tackling homelessness and its underlying causes.

Good progress has been made in promoting and delivering projects to improve the local economy and in laying the foundations for a wide range of future initiatives

- 45 During 2012-13 the Council continued to play an active role in the activities of the North Wales Economic Ambition Board. Each of the six North Wales councils has been allocated responsibility for developing the Board's priorities. Gwynedd Council is leading on initiatives to assist businesses in North Wales secure an increased proportion of local and regional public sector contracts.
- 46 The Council delivered a range of projects during the year that supported local businesses and individuals and promoted the County as a thriving place to live and work. The projects were designed to encourage business development, growth and job creation and to help local people acquire the skills and aptitudes required by local businesses.
- 47 Support provided for local businesses during the year included:
- Helping them to better exploit opportunities in the low carbon and renewable energy sectors. It is too early to quantify the impact of the support provided – but the Council and its partners regard the cost and effort involved in commissioning studies and

raising awareness of the commercial opportunities in this sector as an effective investment in the County's future.

- Assisting 124 local businesses to compete more effectively for local and regional contracts involving major capital schemes so that the financial benefit from these schemes and their supply chains is retained within the local economy. The Council reports that the tendering workshops held as part of this project have already had a beneficial impact with 37 of the participants subsequently securing contracts worth over £27 million in total. This helped to safeguard 130 existing jobs and supported the creation of 40 new jobs.
 - Identifying 43 local businesses as 'ambitious to grow' and providing support programmes tailored to their individual needs.
 - Developing the County's information technology facilities and networks to connect residents and businesses with service providers. Some 40 new Wi-Fi locations were provided within Council buildings and work to develop a hub for local creative industries began.
- 48 Support for individuals focused on helping people – particularly single parents and young people at risk of not being in employment, education or training (NEETs) – overcome the barriers to work and increasing the number of apprenticeship opportunities available within the County. The Council achieved some notable successes during the year including:

- 679 young people at risk of being NEETs received support - against a target of 271;
- 106 young people – more than twice the target - attended an event to promote employment opportunities in the leisure sector;
- 18 young people secured apprenticeships in the construction and engineering sectors; and
- local implementation of a national scheme to provide job seekers with childcare and assistance to attend training courses and interviews helped 32 people find employment and 57 to move to further education.

49 Activities undertaken during 2012-13 to promote the County as a thriving place to live and work focussed on attracting major events to Gwynedd and revitalising town centres. Achievements included:

- hosting eight high profile events which provided work or concessions for 137 local businesses and generated £5 million in additional income to the local economy;
- undertaking a retail capacity study to assist in the future planning and development of town centres; and
- the agreement of vacant shop initiatives in Communities First areas.

50 Although these and other initiatives assisted in making Gwynedd a thriving place to live and work, the Council still faces significant challenges in its efforts to stimulate the local economy. A 2013 survey of local businesses showed that only 19 per cent of respondents thought that the County was ‘a place where things happen’ whilst over 80 per cent did not regard Gwynedd as ‘an exciting place with vibrant communities’.

Initiatives to promote and support the use of the Welsh language in the County continue

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

52 The Commissioner 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 Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report; provides a formal response and collects further information as required.

53 The Commissioner's latest review concluded that the Council had successfully identified the number of staff without Welsh language skills and had taken action to support them to improve their skills. The Council continued to offer a good variety of Welsh language courses and was looking to add to this by the development a new e-learning programme. A number of steps had been taken to provide Welsh-medium customer care and progress had been made with the leisure centres' language champions scheme. The Council also participated in a pilot to test the language indicators in the workplace programme introduced by the Welsh Joint Education Committee in order to facilitate the process of measuring the language skills of the workforce.

Recent changes in the Council's governance arrangements are likely to strengthen its ability to evaluate and improve services

Establishment of the Governance Arrangements Assessment Group and implementation of the Ffordd Gwynedd programme are likely to assist in the evaluation of performance and delivery of service improvements

- 54 A Governance Arrangements Assessment Group, comprising a Corporate Director, the Head of the Democracy and Legal Department, the Senior Delivery and Supporting Change Manager, the Senior Corporate Commissioning Manager and the Senior Audit and Risk Manager, was set up during 2013. The aim of the Group is 'to keep a continuous, more disciplined overview of governance matters, raise awareness of them and encourage wider ownership of the Annual Governance Statement'. The establishment of the Group has the potential to promote improvements in the quality and rigour of future self-evaluations of the various elements of the Council's governance framework, including the annual performance assessment.
- 55 Early indications are promising. The Group's work programme includes some of the elements of the Council's governance framework – such as the effectiveness of the performance assessment process and the work of the scrutiny committees – proposed for review in my September 2013 Improvement Assessment Letter.

- 56 The Council has also developed a major transformational programme – Ffordd Gwynedd – to improve its organisational culture and way of working. The main objective of Ffordd Gwynedd is to 'put the people of Gwynedd at the core of everything the Council does'. To achieve this, the programme focuses on the following:
- staff – to act flexibly to meet customers' needs;
 - managers – to empower staff to meet customers' needs;
 - employment arrangements – to reinforce behaviours which put the people of Gwynedd at the centre of what the Council does;
 - leadership – to promote successful adoption of the principles of 'Ffordd Gwynedd' across the Council;
 - governance – to base decisions on evidence of their effect on the people of Gwynedd;
 - engagement arrangements – to do things that are important to the people of Gwynedd and prioritise resources accordingly;
 - service delivery processes – to create value for the customer;
 - policies – to facilitate the ability to meet people's needs; and
 - performance framework – to measure whether the Council is meeting the needs of the people of Gwynedd and providing value for money.

- 57 The development and implementation of Ffordd Gwynedd is overseen by a Transformation Panel which includes a Corporate Director, two members of the Cabinet and the Programme Manager. The programme consists of a number of projects. The main overarching project is the Ffordd Gwynedd Development Programme which includes a series of workshops for managers and staff on the requirements and practices of Ffordd Gwynedd. The workshops are planned to start early in 2014-15.
- 58 Although Ffordd Gwynedd is in the initial stage of implementation, the early signs are promising. The projects included in the programme are well defined and have the potential to strengthen the governance of the Council and improve the services it provides.
- 59 It is, however, important that the work of the Governance Arrangements Assessment Group and the Ffordd Gwynedd programme are effectively co-ordinated. The appointment of the same Corporate Director to head the Governance Arrangements Assessment Group and the Ffordd Gwynedd Development Programme is a positive step in ensuring the delivery of complementary projects.

Monitoring of service performance has improved but some areas of the Council's performance management framework require strengthening

- 60 Our work this year with some of the Council's Departmental Management Teams and Delivery Panels found that there had been a number of recent improvements in the monitoring of performance. However, some issues remain including concerns expressed by officers and members regarding the duplication of some areas of performance monitoring work undertaken by Departmental Management Teams, Delivery Panels and the Corporate Management Team and Informal Cabinet.
- 61 The Ffordd Gwynedd Transformation Panel has identified the Council's performance management framework as one of its priority improvement areas and a series of workshops for managers and staff has recently commenced. The Governance Arrangements Assessment Group has also included the Council's arrangements for challenging performance in its review programme. It is important that the workshops and reviews ensure that the roles and responsibilities of all the various groups and departments, including the Strategic and Improvement Department, involved in the performance management process are clearly defined and understood. This should assist in avoiding any duplication of work and help to ensure a clear and logical process of performance assessment, challenge and reporting.

62 We endorse the early work on the performance management framework and, in particular, the challenge elements of the process. The Estyn report referred to earlier in this report concluded that arrangements for challenging school performance were not robust enough and had not had enough impact on improving outcomes. The CSSIW evaluation of social care services, also referred to earlier, concluded that, although constructively critical internal audits and assessments were being undertaken within children's services, there was little evidence that this was the case in adults' services.

Revised scrutiny arrangements have helped members to focus on the effects of the Council's policies on the people of Gwynedd

63 One of the changes to the Council's governance arrangements, following the May 2012 election, was the establishment of three new scrutiny committees. The main role of the committees is the evaluation of the effectiveness of the Council's policies and plans in improving services and outcomes for the residents of Gwynedd. Three reports were completed and presented to the appropriate scrutiny committee in 2012-13 :

- implementation of systems thinking across Council departments;
- provision of affordable housing in the County; and
- quality of education in the County.

64 Overall, the scrutiny committees have responded well to their new role. Two of the reports – affordable housing and quality of education – have demonstrated a sound level of analysis of service performance, delivery and outcomes. Both include feedback – or plans to obtain feedback – from users and potential users of the services reviewed. However, the report on systems thinking was less successful in this area. Little feedback was sought or received from the recipients of the two services – building maintenance and homelessness – used as pilots in the review. As a result, the conclusions and recommendations contained in the report were based too heavily on the views of the managers and staff running the services.

Improvement reporting duties required of the Council under the Measure have been met although there is scope to comply more fully with guidance from the Welsh Government

65 My December 2013 Improvement Assessment Letter concluded that, although the Council had complied with its improvement reporting duties under the Measure, its 2012-13 Performance Report did not comply as well as it might with Welsh Government guidance. This was most apparent in those areas where some of the proposals for improvement in performance reporting included in my previous Annual Improvement Reports and Letters had not been fully implemented. In particular:

- The Council's self-assessment of its performance in 2011-12 did not consistently link the analysis of performance data to its improvement objectives. My 2013 Annual Improvement Report concluded that 'whilst some progress had been made in this area, more needed to be done'. This remains the case. The 2012-13 Performance Report included a useful range of performance information but much of this, including key and national statutory performance indicators, was not linked clearly enough to the Council's improvement objectives.
- The 2012-13 Performance Report did not provide a fully balanced assessment of the Council's delivery and performance against its improvement objectives. Although a useful summary of achievements was included there was little information on slippage against planned projects or on any areas of underperformance.
- The 2012-13 Performance Report did not present a sufficiently rounded picture of the Council's performance. Although it included a brief summary of the results of the latest citizens' survey, there was a lack of information from other sources including service users, contact centres, service and peer reviews, scrutiny panels and audit and inspection reports. There was also only limited use of benchmarking and comparative data.
- There was a lack of detailed information on the status and outcomes of the various regional and local partnerships and collaborations the Council is involved in. Whilst the 2012-13 Performance Report referred to a number of collaborative initiatives, there was little information on the impact these had in contributing towards the achievement of the improvement objectives. There was also a lack of meaningful information on how partnerships and collaborations are improving services and outcomes for the people of Gwynedd.

The Council complied with financial reporting requirements but there is further scope for it to strengthen its financial controls

- 66 The auditor appointed by the Auditor General issued his opinion on the Council's accounts on 28 November 2013. [Appendix 3](#) gives more details.

Plans to support improvements to the Council's services were generally sound but would benefit from a better range, quality and presentation of performance information

The 2013-14 Improvement Plan and improvement objectives met the requirements of the Measure

- 67 My September 2013 Improvement Assessment Letter reported that the Council had discharged its improvement planning duties under the Measure. The Council included the 2013-14 Improvement Plan (the Plan) in its new 2013-17 Strategic Plan. The Plan was published on the Council's website with hardcopies provided in libraries, leisure centres and Council offices. A summary of the Plan was included in the Council's newsletter (Newyddion) which was distributed to all households in the County.
- 68 The layout of the Plan has improved; it is now more concise and reader-friendly. Although the number of improvement objectives adopted and included in the Plan increased from 13 in 2012-13 to 24 in 2013-14, the improved layout and structure help the reader to better understand the Council's strategic challenges. The improvement objectives are clearly defined and comply with the requirements of the Measure.
- 69 The Council consulted a range of stakeholders before finalising the 2013-14 improvement objectives. But, as in previous years, response rates to the consultation varied significantly. The Council is aware of the importance of increasing stakeholder participation in its improvement planning. Implementation of Ffordd Gwynedd is expected to improve the effectiveness of future consultation processes.

Lack of consistency in the range, quality and presentation of the performance information in the 2013-14 Improvement Plan makes it difficult to establish the scale of service improvements the Council wishes to achieve

- 70 My September 2013 Improvement Assessment Letter also reported that there was a lack of consistency in the provision of baseline data and high-level, outcome-based performance measures for some of the Council's improvement objectives. There was no baseline data, performance measures or targets for the nine strategic objectives in the Plan. Although the baseline data and the range and quality of performance measures and targets were better than provided in previous years for some of the improvement objectives, they were still lacking for a significant number of others. Also, the presentation of the various categories of performance measures was confusing. There was little correlation between those measures aligned to the improvement objectives in the main body of the Plan and the 55 key performance measures and 25 national strategic indicators included in its appendices.
- 71 The lack of baseline data, performance measures and targets for the strategic objectives and many of the improvement objectives meant that the scale of the Council's ambition was unclear. For example, the performance measures in the Plan for the improvement objective 'equalise opportunities for vulnerable groups of children, young people and families' included:

- percentage of pupil attendance in secondary schools;
- number of school days lost due to fixed-term exclusions during the academic year in primary and secondary schools; and
- number of permanent exclusions in secondary schools.

72 The measures assisted in identifying the desired direction of travel the Council planned to take in these particular areas to contribute towards the achievement of the overall improvement objective. But, without the inclusion of baseline data – which is readily available for each of the three measures – and quantitative targets in the Plan, it was unclear how the Council would be able to monitor and report progress effectively and, where necessary, tackle underperformance. It will also be difficult for members, citizens and other stakeholders to hold the Council to account for its performance against the improvement objective.

Despite significant and continuing challenges, the Council continues to manage its financial position well

73 My April 2013 Annual Improvement Report reported positively on the strength of the Council's financial leadership which has dealt well with the budgetary challenges of the last few years. The Council continues to set and manage its budget well but now faces further significant issues following fundamental changes in the financial climate.

74 Despite a very challenging grant settlement from the Welsh Government, the Council has set a balanced budget for 2014-15 which includes a 3.9 per cent increase in council tax. The £10.4 million deficit remaining after the rise in council tax will be funded from: budgetary adjustments (£3.1 million); savings previously identified (£5.5 million); and the use of balances and new savings (£1.8 million).

75 For the period 2015-16 to 2017-18, and after assuming council tax increases of 3.5 per cent per annum, further savings of £33.8 million will be required. The Council recognises that it needs to keep all of its options open and has identified a range of possible measures over the period which include:

- annual increases in council tax of between 3.5 and 5 per cent;
- setting a savings target for the schools budgets which recognises that, despite the Welsh Government's instructions that schools budgets should be protected, it is difficult for the required level of savings to be confined to other services;
- realising efficiency gains from local government reorganisation;
- maximising efficiency savings by the establishment of differential targets for services; and
- developing a programme to establish priorities that ensure that any service cuts reflect the priorities of the people of Gwynedd.

- 76 Capital expenditure is also under pressure. As a result the 2014-15 capital budget reflects no new schemes. New schemes for 2016-17 onwards will be considered following a review of the Council's Asset Strategy.
- 77 The Wales Audit Office is currently examining authorities' financial health, and their approach to budgeting and delivering on required savings, to provide assurance that authorities are financially resilient. This work will consider whether authorities have robust approaches in place to manage the budget reductions they are facing to secure a stable financial position that enables them to continue to operate for the foreseeable future. The focus of the work is on the 2014-15 financial planning period and the delivery of the 2013-14 budgets. This review will be completed early in 2014-15 and we will publish the findings in our next cycle of improvement assessment work.

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

- 78 Based on the conclusions outlined in the previous sections of this report the Auditor General for Wales believes that Gwynedd Council is likely to meet the requirements of the Measure in making arrangements to secure continuous improvement.

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 informed by a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority's track record of improvement. 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 Wales Audit Office is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2

Useful information about Gwynedd and Gwynedd Council

The Council

The Council's budgeted gross revenue expenditure for 2013-14 was approximately £293.6 million. This equates to about £2,416 per resident. The Council's capital budget for the year was £50 million.

The average band D council tax in 2013-14 is £1,069 per year. This is an increase of 3.5 per cent over the previous year. Seventy-seven per cent of housing is in council tax bands A to D.

The Council is made up of 75 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

- 37 Plaid Cymru
- 18 Independent
- 14 Llais Gwynedd
- 4 Labour
- 2 Liberal Democrat

The Council's Chief Executive is Harry Thomas. The Corporate Directors are Iwan Trefor Jones, Morwena Edwards and Dilwyn Williams.

Other information

The Assembly Members for Gwynedd are:

- Alun Ffred Jones, Arfon, Plaid Cymru
- Lord Dafydd Elis-Thomas, Meirionnydd/Nant Conwy, Plaid Cymru

The Members of Parliament for Gwynedd are:

- Hywel Williams, Arfon, Plaid Cymru
- Elfyn Llwyd, Meirionnydd/Nant Conwy, Plaid Cymru

For more information see the Council's website at www.gwynedd.gov.uk or contact the Council at Council Offices, Caernarfon, Gwynedd, LL55 1SH Tel: 01286 672255.

Appendix 3

Annual Audit Letter

Councillor Dyfed Edwards – Leader
Harry Thomas – Chief Executive
Gwynedd Council
Pencadlys
Shirehall Street
Caernarfon
Gwynedd

Dear Councillor Edwards and Harry,

Annual Audit Letter

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

The Council complied with its responsibilities relating to financial reporting and use of resources but there is further scope to strengthen its financial controls

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 27 September 2013 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's 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 reports on 26 September 2013. My reports concluded that the Statements of Account were generally prepared to a good standard. I did identify one material weakness in your internal controls which was relevant to the Council both directly and in its role as the administering authority for the Gwynedd Pension Fund. Membership data provided by some employers, for use in the pension fund systems, was not up to date and this could have a significant effect on both the triennial valuation and the annual IAS19 valuations provided by the actuary.

Further to the earlier work carried out by the pensions section, which initially identified the issue, I am advised that the Council has continued to make good progress to improve the quality of the membership data across Employer Bodies to ensure that the actuary is provided with robust data.

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

I issued a certificate confirming that the audit of the accounts has been completed on 27 September 2013.

The financial audit fee for 2012-13 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely,

Derwyn Owen

For and on behalf of the Appointed Auditor
28 November 2013

Appendix 4

Gwynedd Council's improvement objectives and self-assessment

The Council's improvement objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific improvement objectives that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year. The Council included its 2013-14 improvement objectives in its 2013-17 Strategic Plan which can be found on the Council's website at www.gwynedd.gov.uk/strategicplan. They are:

Children and Young People

- Raise the educational standards of children and young people.
- Equalise opportunities for vulnerable groups of children, young people and families.
- Improve the suitability of the schools system.
- Better prepare young people for work and life.

Care, Health and Wellbeing

- Respond better to the needs of vulnerable people to ensure sustainable care services.
- Increase preventive work in adult and older people social care.
- Protect children and adults.
- Increase preventative work and target inequalities in the health field.

The Economy

- Strengthen business resilience and retain economic benefit locally.
- Improve the quality of jobs and wage levels.
- Improve access to work and address barriers.

The Environment

- Promote an appropriate supply of housing for local people.
- Reduce carbon emissions.
- Respond to the threat of climate change.
- Reduce the amount of waste sent to landfill.

Stronger Communities

- Promote the Welsh language.
- Reduce the effects of poverty and deprivation.
- Promote sustainable rural communities.
- Promote community pride and responsibility.

Culture and Business Arrangements of the Council

Promote a culture across the whole Council of putting the people of Gwynedd at the heart of all our work and decisions.

Engage effectively with the people of Gwynedd and ensure their participation and ownership of the future.

Make more efficient use of resources and seek to minimise the impact of cuts on the people of Gwynedd.

Capitalise on the 'size' of the Council for the benefit of the people of Gwynedd.

Reduce the demand for services by prevention and early intervention.

The Council's self-assessment of performance

The Council's self-assessment of its 2012-13 performance can be found in its Performance Report on the Council's website www.gwynedd.gov.uk/performance.

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