



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Gwynedd Council

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About the Auditor General for Wales

The Auditor General is independent of government and is appointed by Her Majesty the Queen. He leads the Wales Audit Office and is held accountable by the Public Accounts Committee of the National Assembly for the Wales Audit Office's work.

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. He also appoints the external auditors of Welsh local government bodies, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. The Auditor General's appointed auditors are responsible for the annual audit of the majority of public money spent in Wales, including the £15 billion of funds that are voted to Wales annually by the Westminster Parliament. Nearly £5.5 billion of this funding is passed by the Welsh Government to local government in the form of general and specific grants. Local government, in turn, raises a further £2.1 billion through council tax and business rates.

As well as carrying out financial audit, the Auditor General's role is to examine how public bodies manage and spend public money, including achieving value in the delivery of public services. The Wales Audit Office aims to make public money count, by promoting improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money. It is also committed to identifying and spreading good practice across the Welsh public sector.

Huw Vaughan Thomas, Auditor General for Wales, was supported by Huw Lloyd Jones and John Roberts and colleagues under the direction of Alan Morris in conducting the Improvement Assessment and producing this report.

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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 and delivering their services. Drawing on the work of the Wales Audit Office and relevant Welsh inspectorates, this report presents a picture of the extent to which Gwynedd Council (the Council) has improved over the last year, and its arrangements for securing further improvement. The report is in three main sections which cover the planning, delivery and evaluation of improvement by the Council.
- 2 The first section of the report focuses mostly on the Council's forward planning of its work for the financial year 2011-12 and the arrangements that underpin that work. The second section, the delivery of improvement, looks back on the Council's performance in priority areas during 2010-11. However, we have also referred to more recent performance in those areas such as education where published data is available. In the third section of this report, we comment on the way the Council evaluates its performance, with particular emphasis on the Council's self-assessment of its work in 2010-11.
- 3 Overall the Auditor General has concluded that the Council's improving planning and its increasing readiness to reflect on its performance suggest that it is well placed to improve on the steady progress made in 2010-11 and to better demonstrate the impact of its activity.
- 4 We found that the Council's planning for 2011-12 is much improved and is underpinned by corporate arrangements that are sound in most respects. In particular, we found that:
 - the 'Transforming the Council' programme is beginning to deliver significant improvements in the Council's planning and performance management;
 - the Council has prepared thoroughly for the changes that lie ahead in its governance arrangements;
 - the Council has been active in seeking to pursue opportunities to collaborate at both regional and sub-regional levels; and
 - the Council continues to deal effectively with the financial challenges facing local government.
- 5 We also found that there was steady progress in 2010-11 in improving key service areas but the impact of the Council's work is not yet apparent in aspects of social services and in the development of sustainable communities.
- 6 In relation to the work of supporting vulnerable people, we found that the Council is making progress slowly to modernise its social services but much work remains to ensure that cases are managed and support delivered in a consistent and timely manner. Social services for adults made some progress during 2010-11 but much work remains to secure a culture that provides choice and independence for local people on a consistent basis. Social services for children struggled to meet some national standards and statutory requirements in terms of the timeliness of assessments and subsequent reviews.

- 7 We found that, in its work to help people develop, the Council continues to take difficult decisions in order to modernise its educational provision but too many secondary schools are producing GCSE results that compare unfavourably with similar schools elsewhere in Wales. The Council is active in seeking to ensure that young people have the necessary skills and attitudes to be able to enter the labour market.
- 8 The Council has made steady progress in promoting the economic and environmental sustainability of communities in Gwynedd but it is too early for the Council to be able to demonstrate the impact of its effort.
- 9 Finally, the report sets out our views on the Council's own assessment of its performance and arrangements. We concluded that there are promising signs that the Council is developing its capacity to reflect on its performance and to modify its planning accordingly.

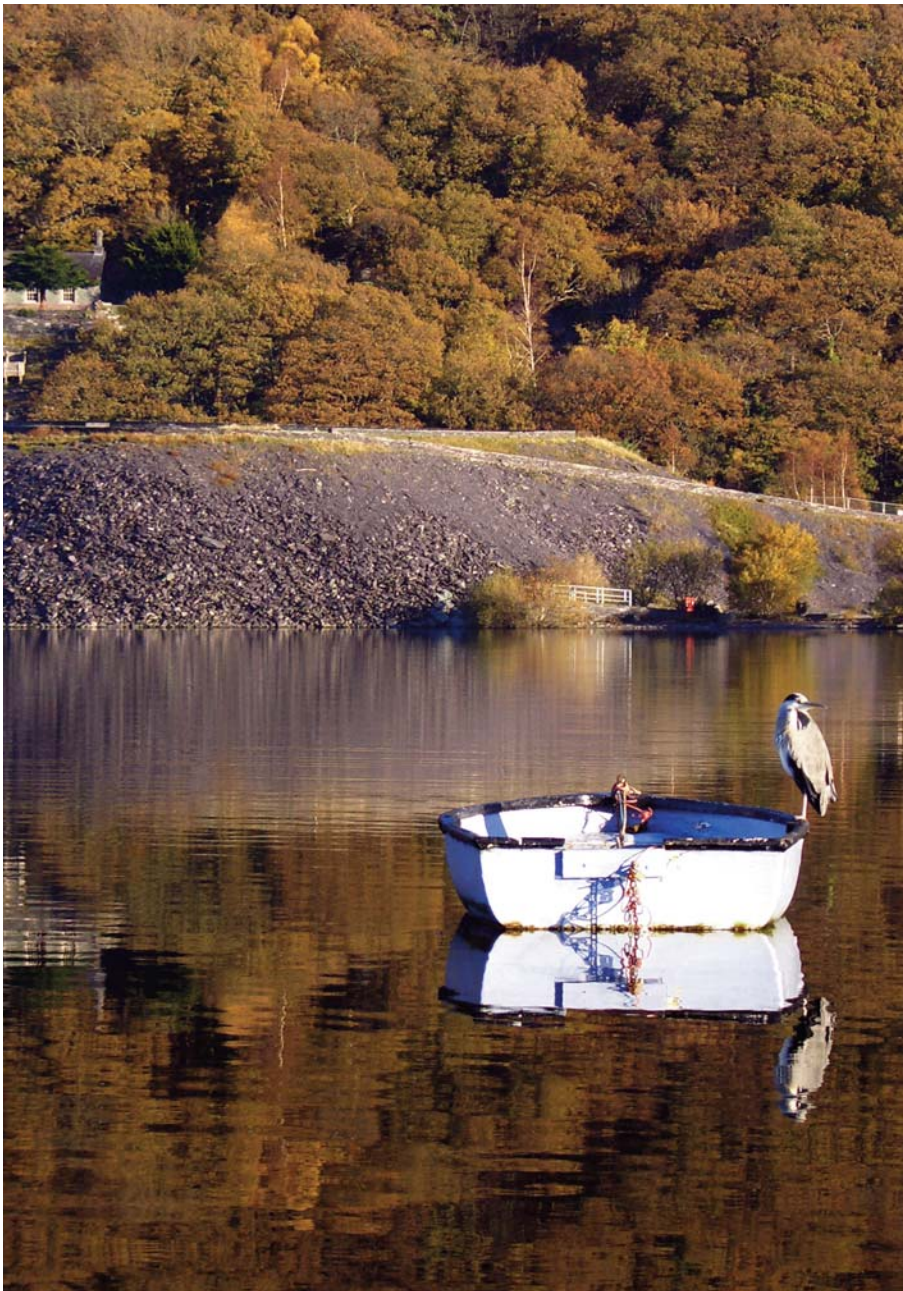
Recommendations and proposals for improvement

- 10 There are no formal recommendations but the following proposals for improvement are made to the Council to support improvement.

Proposals for improvement	
P1	In setting its improvement objectives for 2012-13, the Council should ensure better consistency in the quality of outcome measures across its six Programme Plans.*
P2	In producing its self-assessment of its performance in 2011-12, the Council should: <ul style="list-style-type: none">• link explicitly its analysis of performance data to its improvement objectives; and• include a more balanced analysis in its summary of its self-assessment.
P3	The Council should seek ways of increasing the pace of change in its planning and delivery of social services, with particular focus on improving the extent to which it meets national standards in terms of the timeliness of assessment and reviews.

*This proposal for improvement was first made to the Council in September 2011.

Detailed report



Introduction

- 11 This report was prepared by the Wales Audit Office on behalf of the Auditor General for Wales. On [page 2](#) you can find a brief explanation of what the Auditor General does.
- 12 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 and 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) and the Care and Social Services Inspectorate for Wales (CSSIW), and from the Welsh Language Board, we have brought together a picture of what each council or authority in Wales is trying to achieve and how it is going about it. This report also sets out the progress the Council has made since the Auditor General published his last Annual Improvement Report, drawing on the Council's own self-assessment.
- 13 Throughout the report, we set out what the Council needs to do to improve its services. 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:
 - recommend to Ministers of the Welsh Government that they intervene in some way;
 - conduct a special inspection and publish the report with detailed recommendations;
 - make formal recommendations for improvement – if a formal recommendation is made the Council must respond to that recommendation publicly within 30 days; and
 - make proposals for improvement – if we make proposals to the Council, we would expect it to do something about them and we will follow up what happens.
- 14 We do not undertake a comprehensive annual review of all the Council's arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge and the findings of the work we have prioritised to be undertaken this year.
- 15 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.

The Council's improving planning and its increasing readiness to reflect on its performance suggest that it is well placed to improve on the steady progress made in 2010-11 and to better demonstrate the impact of its activity

The Council's planning for 2011-12 is much improved and is underpinned by effective financial management and corporate arrangements that are sound in most respects

16 In September 2011, the Auditor General wrote to the Council's Chief Executive. The letter included:

- a summary of the Council's progress on areas for improvement and recommendations identified in the 2010 Corporate Assessment;
- the Auditor General's assessment of the Council's compliance with its statutory obligations to make arrangements to secure continuous improvement; and
- a brief commentary on relevant issues had emerged since we issued the 2010 Annual Improvement Report in January 2011, including comments on how the Council was addressing financial challenges.

17 The Auditor General's September letter concludes that the Council has made progress in addressing all five areas for improvement that we had included in the 2010 Corporate Assessment. In summary, we reported that:

- There has been good progress in establishing and maintaining a register of regulators' reports.

- Some progress has been made towards ensuring that members are aware of the findings and recommendations contained in regulators' reports. The Council has decided that the register of regulators' reports could be submitted, as a matter of course, to either the Principal Scrutiny Committee or to the Audit Committee.
- New management structures, processes and techniques have all contributed to an increasing use of outcome measures in some of the Council's plans. Progress is, however, uneven as the quality of the measures and targets both within and between some of the business plans, including the Community Strategy, Three Year Plan and Programme Plans, is variable.
- The Council has recognised that the roles and responsibilities of scrutiny committees will need to alter in response to forthcoming changes in the Council's governance and management arrangements. Work is underway so that the necessary changes can be implemented after the May 2012 Local Government elections.
- The Council has made progress in identifying capacity within its human resources (HR) service to support services in developing workforce plans. The Council has increased its HR capacity through the creation of two additional posts, increased emphasis on developing the skills of managers, and increased collaboration with other North Wales councils.

18 The letter stated that the Auditor General was satisfied that the Council was discharging its duties under the Local Government (Wales) Measure 2009, and that the Council was likely to comply with the requirements of the Measure during the 2011-12 financial year. Four main reasons contributed to our conclusion. We found that:

- the Council continues to address the need for change, delivering strong and effective financial leadership and demonstrating commitment to effective public engagement;
- the Council has established six programme boards that oversee a range of projects designed to deliver transformational change, although we have some concerns about whether there is currently sufficient capacity and capability to deliver such a large and complex programme of projects;
- the Council has made progress in addressing the areas for improvement we identified in last year's Preliminary Corporate Assessment report; and
- existing scrutiny arrangements support effective challenge in many respects, but the Council has recognised that the roles and responsibilities of scrutiny committees will need to alter in response to changes in the Council's governance and management arrangements.

19 We provide updates on progress in relation to some of these issues in [paragraphs 20 to 47](#).

The 'Transforming the Council' programme is beginning to deliver significant improvements in the Council's planning and performance management

20 In the 2010 Annual Improvement Report, we commented that the improvement objectives for 2010-11 were not clear enough in setting out the improvements that citizens should expect or robust enough in terms of how well 'success' in each objective was defined. As a result, we included a proposal for improvement in our report, suggesting that,

'In preparing its Improvement Objectives for 2011-12, the Council should:

- increase the accessibility of the objectives and the associated Improvement Plan to interested stakeholders;
- define its Improvement Objectives so that they are:
 - clear – setting out the visible improvements that citizens can expect;
 - robust – with defined terms of success, whether quantitative or qualitative; and
 - demonstrable – capable of being supported by objective but not necessarily measured or quantitative evidence.'

21 This proposal for improvement in our 2010 Annual Improvement Report echoes similar suggestions in previous reports over a number of years. The quality of the Council's self-evaluation of its success in meeting its 2010-11 improvement objectives necessarily reflects this lack of clarity in the way in which they were defined.

- 22 However, the Auditor General's September letter reflects some improvement in the 2011-12 Improvement Objectives. The letter reported that the Council's improvement objectives for 2011-12 and its improvement plan, the 'Three Year Plan 2011-2014', met the requirements of the Measure. Though not yet consistent across all parts of its business, the Council's planning is beginning to reflect the greater use of outcome measures to define objectives and associated targets.
- 23 This improvement is largely the result of the Council's transformation over the last two years to a system of programme management. Early consultation with key partners and representative groups, undertaken in 2010 as part of the county-wide strategic planning framework, helped to identify local needs. The six programme boards, led by the Chief Executive and the Council's most senior managers, then worked to refine these priorities into a coherent set of plans that collectively form the bulk of the Council's Three-Year Corporate Plan 2011-2014.
- 24 The Council's improvement objectives for 2011-12 correspond to the focus of each of the programme boards. These are:
- Transforming the Council
 - Economy and Regeneration
 - Children and Young People
 - Vulnerable People
 - Value for Money
 - Environment and Infrastructure
- 25 For each programme, the Council has set out in its Three-Year Plan the vision underlying its ambitions, the results it wants to achieve and what citizens might experience as a result. Following a brief description of the projects included within each programme, and their intended benefits, the Council has established for each programme a manageable set of programme indicators.
- 26 In the best cases, these indicators focus clearly on outcomes. For example, the Economy and Regeneration programme board has said that, as one of its results, there should be, 'more residents across the county in work, especially young people'. In order to assess its progress, the Council has therefore included the following among the programme indicators:
- the number of people under the age of 25 claiming Jobseeker's Allowance; and
 - the proportion of the work-age population in employment.
- 27 The Council recognises that indicators such as these may be influenced by many factors that are outside its control. However, in identifying and monitoring such indicators, the Council is in a much better position than before to assess whether or not its actions are contributing to improvement, to consider adapting its plans as necessary and to influence partners.
- 28 Some programmes have also included among their indicators measures of customer satisfaction. For example, the 'Transforming the Council' programme board has set as one of its measures the proportion of customers who are satisfied with the service they receive

after contacting the Council. The Council's decision to monitor and report such data publicly reflects its commitment to improving its engagement with its citizens and a genuine determination to provide a good service for its customers.

- 29 The increasing use of programme and project management has also resulted in the Council's planning becoming more dynamic. Plans are increasingly seen as 'live' documents that need to reflect changing circumstances. They are subject to proactive monitoring and evaluation and, where necessary, the plans change. For example, the Council had set a target in its annual update of its Three Year Plan for 2008-11 that over 400 managers and supervisors would receive training in customer care. In fact, only 19 staff received the planned training. The Council has recorded this in its self-assessment of performance as a failure to meet its target. However, we found during our recent fieldwork that, in fact, the reduction in the number of trainees reflects an evaluation that the training was having little impact, and a consequent change in its training strategy. We found a number of other instances where planned actions were reported as having failed to deliver, but where officers provided us with good reasons as to why plans had changed and that, as a result, the targets set at the beginning of the year had not been met.
- 30 The Council has now begun to formalise this process of reviewing its plans regularly, improving its openness and transparency as a consequence. Since adopting the new Three Year Plan for 2011-14 in June 2011, the Council has already approved and published amendments that relate mostly to the planned timescale for certain projects. Reviews such as this, approved by elected members, should help to improve the quality of evaluation and enable citizens to take a more informed view of the Council's progress.
- 31 We referred earlier to the Council's commitment to 'Transforming the Council' as one of its six programme boards and improvement objectives. Led by the Chief Executive, this programme board aims to bring about the Council's stated wish to be, 'an organisation that changes in order to reach its potential and a Council that ensures that public needs are at the heart of everything it does'. The work of this programme board represents the main vehicle for driving forward change in the Council's culture and in its corporate arrangements. In its self-assessment of its performance in 2010-11, the Council has said that, through the work of 'Transforming the Council', it will:
- listen to the voice of the public and consult more effectively;
 - manage change carefully;
 - provide clear priorities;
 - make effective use of resources;
 - develop and empower leaders and staff to work effectively; and
 - improve internal and external collaboration to make the best use of public resources.
- 32 Although the Council's improvement objectives for 2010-11 were not defined with sufficient clarity, the Council has assessed its progress during 2010-11 as being on track or within acceptable tolerance for 18 of the 21 actions it had planned to deliver within the 'Transforming the Council' programme.

33 The improvements noted above in business planning form part of the 'Transforming the Council' programme. To support its performance management, the Council is also making greater use across all departments of the Ffynnon software, a system introduced across Wales with the support of the Welsh Government. Our audit of 24 of the Council's performance indicators for 2010-11 resulted in only two qualifications, fewer than in the past.

34 Significantly, neither of the performance indicators we qualified related to social services data, an area where accurate management and performance information has been an area of concern in the past. The CSSIW has reported that performance management in social services is improving, although there is still much to do to ensure that management information across the service is robust and commands the necessary confidence. Inspectors from the CSSIW found that the Council's social services information system is not being used consistently, with documents sometimes being stored in different places.

35 Among the projects assessed as being successful, the Council refers to its work in developing a mentoring and coaching framework among its staff and increased opportunities to celebrate success. These initiatives form part of the Council's work to change its culture. Though not directly attributable to this work, the Council has reported a significant reduction in its staff sickness absence figures for 2010-11, with 8.7 days lost per member of staff compared with 10 days in 2009-10. Only two councils in

Wales recorded lower sickness absence rates in 2010-11. Across a workforce of some 6,500 employees, this reduction of 1.3 days' sickness absence per member of staff is equivalent to the availability for work of about 40 more full time staff than in 2009-10.

36 Nevertheless, the CSSIW has noted in its Annual Review and Evaluation of Performance in 2010-11 that, in social services, there has been an increase in the rates of absence due to sickness. The CSSIW also reports growing management capacity issues that have contributed to unacceptable delays in some aspects of care management. During the 2011 inspection of assessment and care management in Children's Services, inspectors found a lack of consistency in the support and supervision available to social workers and in the volume of social workers' caseloads.

The Council has prepared thoroughly for the changes that lie ahead in its governance arrangements

37 We reported in the September letter that, while the Council's scrutiny arrangements support effective challenge in many respects, the Council has recognised that the roles and responsibilities of scrutiny committees will need to alter in response to changes in the Council's governance and management arrangements. These changes are significant and will take effect after the May 2012 Local Government elections. In response to the requirements of the Local Government Measure 2011, the Council's governance model will change from the current 'fourth

option' model, where a politically balanced Board exercises political leadership, to the Leader and Cabinet model.

- 38 Drawing on its self-assessment of its leadership, engagement and governance procedures, the Council has prepared thoroughly for the changes ahead. During 2010-11, the Council has laid the foundations for creating personal development plans for new Cabinet members. There is clear recognition among senior officers and councillors that the role of the portfolio holder under the new arrangements will carry greater responsibility than before in terms of policy-making. Under the current arrangements, scrutiny committees have played a prominent and effective role in the formulation of policy, a role that will diminish in the future. The Council's leadership has engaged effectively with scrutiny committee members to prepare them for the changes ahead. While some councillors remain doubtful, the Council's proposals are ambitious and will, if successful, result in scrutiny committees developing an important role in evaluating the impact of the Council's policies and decisions on citizens. Such a role has the potential to further strengthen the Council's evidence-base for future self-assessments.

The Council has been active in seeking to pursue opportunities to collaborate at both regional and sub-regional levels

- 39 The Council has played a leading role at a senior level in the work of the North Wales Regional Partnership Board which continues to develop a range of shared services across north Wales. The Council has approved in principle the Outline Business Cases for:
- a Regional School Effectiveness and Improvement Service; and
 - a Regional Commissioning, Procurement and Monitoring Hub, aimed at securing greater efficiency in the procurement and subsequent monitoring of high-cost, low-volume residential care packages for children and adults.
- 40 The Regional Partnership Board, which includes other public services as well as the six north Wales councils, leads four programmes of work. Each includes one or more potentially significant collaborative projects. Partners have invested much time and resources in taking this work forward over the last two years in response to Welsh Government encouragement and the increasing need to find efficiencies. However, those projects that will integrate services across north Wales are all grappling, often separately, with difficult issues such as:
- the governance of the proposed joint services, and how each of the constituent councils might retain and exercise their individual accountability for the cost and quality of the services delivered on their behalf; and

- how to deal with differences in the terms and conditions of staff who may transfer to the new integrated service, once established.

- 41 Outside the regional partnership agenda, the Council is working with neighbouring Isle of Anglesey County Council to develop a joint Local Development Plan. The Plan, which is required by the Welsh Government, will set a policy framework to inform planning decisions about the use of land across the two authorities. A resourced action plan is in place to deliver the Local Development Plan.
- 42 A review of north Wales strategic partnerships, led in 2010-11 by the North Wales Police Authority on behalf of the six north Wales councils, the Betsi Cadwaladr University Local Health Board and the North Wales Fire and Rescue Service, proposed that local strategic partnerships should become 'sub-regional', with pairs of councils working together. The proposal aimed to reduce the considerable duplication involved in the work of approximately 35 strategic forums that were in place across the North Wales region at the time. The Gwynedd Local Service Board has agreed to work with the Anglesey Local Service Board to take forward the rationalisation of statutory partnerships across the two counties and a joint project board has been working to deliver this agenda.

The Council continues to deal effectively with the financial challenges facing local government

- 43 We reported in the September Corporate Assessment Update letter that the Council had strong and effective financial leadership. We judged that the early adoption of the 2010-13 Savings Strategy and production of the 2011-15 Medium Term Financial Strategy meant the Council was well placed to manage the challenges ahead. We remain of this view.
- 44 The Savings Programme Board is responsible for delivering the Council's improvement objectives in terms of responding to reduced revenue and capital resources and making the best use of the Council's assets. In its self-assessment of performance in 2010-11, the Council has reported that its three-year £16 million package of savings schemes was on track, and had achieved all the £4 million savings planned for 2010-11. In preparing to set its budget for 2012-13, the Council is able to accommodate £8.3 million of unavoidable growth in its revenue spending plans without further modification in its financial planning, and assuming an increase of only 3.9 per cent in Council Tax.
- 45 We refer later in this report to the fact that the Council is taking forward its school modernisation plans. Following changes in the Welsh Government's funding arrangements for its 21st Century Schools programme, the Council will need to find £18.1 million over the next six years to match the Welsh Government's commitment. The Council is sufficiently confident in its financial strategy to be able to commit itself to making the necessary revenue savings to pay for this additional borrowing.

46 Within the Savings Programme in 2010-11, the Council had planned to buy a new integrated human resources computer system in order to improve the efficiency with which the Council obtains management information about its staff. However, the Council has postponed this work pending further discussions with other north Wales councils about the potential of establishing a common system across the region.

47 In 2010, the Wales Audit Office identified that many councils were grappling with the problem of ensuring that they used technology and information effectively to support service transformation and achieve efficiency savings. As a result, we have reviewed the use of technology and, separately, the quality of information management at all councils in Wales. We shall report the conclusions of these reviews in Gwynedd during 2012.

The Welsh Language Board has praised the Council for its comprehensive Welsh Language service to the public

48 The Welsh Language Board works with councils to help them develop their statutory Welsh Language Schemes that outline the way in which councils provide services to the public in Welsh. Every council provides an annual monitoring report to the Welsh Language Board.

49 This year, the Welsh Language Board has again praised the Council for its robust administration of the Welsh Language Scheme and the provision of a comprehensive Welsh language service to the public in all service areas. The Council has invested extensive resources in order to strengthen compliance with the requirements of the Scheme in areas that have proven problematic in the past, namely the leisure service and the youth service. The Council mainstreams the language into all aspects of its business planning and policy decisions. The Board also praised the Council for its work in promoting the language in the community through its Community Strategy and its core services.

There was steady progress in 2010-11 in improving key service areas but the impact of the Council's work is not yet apparent in aspects of social services and in the development of sustainable communities

50 We have commented earlier in this report on progress in delivering the Council's internally-focused improvement objectives relating to its 'Savings' and 'Transforming the Council' programmes. In paragraphs 51 to 91, we focus on the other four programmes that focus explicitly on improving services to local people.

The Council is making progress slowly to modernise its social services but much work remains to ensure that cases are managed and support delivered in a consistent and timely manner

51 Improving services for vulnerable people was one of the Council's improvement objectives for 2010-11. Under this objective, the Council said that it would:

- offer fairness and opportunities for the most vulnerable people;
- ensure that provisions for vulnerable people are planned and commissioned to meet the needs of the individual;
- prepare responsive services in an integrated way that are easily accessible; and
- give people an opportunity to live independently according to their wishes.

52 The Council's self-assessment of its performance in 2010-11 notes that the priorities for the Vulnerable People programme during the last three-year plan (2008-2011) were to establish a sound foundation for the future, particularly in the fields of commissioning services, planning the

workforce and improving arrangements for collecting data. The Council acknowledges in its self-assessment that the timetable for developing the workforce has slipped because the work of developing a commissioning strategy has taken longer than planned.

53 The CSSIW has concluded in its Annual Review and Evaluation of Performance in 2010-11 that the Council's longer-term vision for social care services has not always been clear. There have been too many delays in developing robust and measurable commissioning plans for all service areas that are subject to both political and public scrutiny. However, the CSSIW has noted that the Council has made further progress during 2011-12.

54 None of the Council's improvement objectives for 2010-11 were linked explicitly to measurable outcomes. However, in its self-assessment, the Council has concluded that four of the 11 planned improvements in its Vulnerable People programme achieved the planned outcome, and a further six had made acceptable progress. Within its balanced scorecard of performance indicators, the Council reported improved performance in a number of indicators relating to social care for children and young people. The delivery of extra-care housing for older people, for the second year in succession, remains 'work in progress'. Although the Council has identified four sites for extra-care housing, building work is underway in only one of these.

Social services for adults made some progress during 2010-11 but much work remains to secure a culture that provides choice and independence for local people on a consistent basis

- 55 Despite the prominence and priority given to improving outcomes for vulnerable people in the Council's strategic planning, the CSSIW has reported in its Annual Review and Evaluation of Performance in 2010-11 that many aspects of work remain in need of improvement. The Council has reported improvements in a number of under-performing areas during the first six months of 2011-12 but progress has been patchy and some statutory service performance standards and requirements are still not being met.
- 56 The CSSIW concluded that Adult Services had made some progress during 2010-11 but there was still much to do in order to secure a culture of enablement that provides choice and independence for local people on a consistent basis.
- 57 The CSSIW nevertheless identified a number of areas in which the Council's Adult Services perform well. For example, people are now able to access an increasing range of information about services in local public access points and online and there are further plans to improve the service's responsiveness.
- 58 The CSSIW also reports that the Council has made progress in addressing some long-standing gaps in provision. For example, it has increased the availability of 24-hour care for people with dementia in both Council-run and independent care homes. This improvement is beginning to reduce the comparatively high number of 'delayed transfers of care', where people remain in hospital for longer than necessary because no suitable social care is available for them. The Council has also increased the level of service available to support older people in the south of the county by establishing a brokerage service that has helped to drive and shape the home care market.
- 59 The Council is committed to transforming service provision by reducing dependency upon traditional residential care models to enable an improved focus upon prevention, enablement and the promotion of independence. The telecare service¹ now has over 800 service users and a bilingual call centre will be provided in collaboration with a number of other north Wales councils.
- 60 We refer in [paragraph 34](#) to past weaknesses, now rectified, in the accuracy and reliability of some of the Council's social service performance indicators. Comparisons with past performance may be therefore unreliable. However, the CSSIW has reported a number of matters that suggest that much remains to be done in order to fulfil the Council's commitment to promoting independence. In particular:

¹ Telecare is the term used for the use of technology to help people remain independent and safe in their own homes. In its simplest form, it can refer to a fixed or mobile telephone with a connection to a monitoring centre through which the user can raise an alarm. Technologically more advanced systems use sensors, whereby a range of potential risks can be monitored.

- there has been little change in the high rate of older people that the Council supports in care homes; and
 - in 2010-11, the Council supported significantly fewer older people in the community than in the previous year.
- 61 Though the Council has reported some improvement in 2011-12, there were other areas in which performance compared unfavourably in 2010-11 with that elsewhere in Wales. For example:
- the rate of older people who experienced delays in their hospital discharge for social care reasons, improved only marginally and was significantly higher than that experienced in other north Wales councils; and
 - only 63 per cent of service users had a review of their care plan, even though there was a significant reduction in the number of service users requiring a review.
- 62 The reviewing of care plans plays an important role in ascertaining whether people's needs are met appropriately, and the intelligence gathered from reviews can be used to predict future service demands and influence service development. The CSSIW has reported that the Council's performance in reviewing care plans needs immediate and ongoing improvement so that the Council is able to make faster progress in focusing on enablement.
- 63 A CSSIW review of learning disability services accommodation found that a number of houses are unsuitable in enabling independence. In response, the Council is working with prospective investors to develop sites in order to secure modern and suitable

accommodation that better promotes independent living for service users with a learning disability. The Council reports that it has now approved an Accommodation Plan to address this issue.

Social services for children have struggled to meet some national standards and statutory requirements in terms of the timeliness of assessments and subsequent reviews

- 64 The CSSIW's Annual Review and Evaluation of Performance in 2010-11 concludes that Children's Services has not yet secured all of the improvements necessary to provide assurance or confidence in the delivery of social care services. A number of previous improvement priorities have not been addressed and statutory requirements not met.
- 65 Some of the weaknesses identified by the CSSIW stem from the way in which the Council records information about the cases that are referred to the service. The Council includes every contact with Children's Services as a referral. As a result, the number of referrals recorded in 2010-11 was far higher than might be expected. Of the 3,900 referrals recorded, only 1,500 progressed to the initial assessment stage. The CSSIW review of children's assessment and care management practice in early 2011 also found that different area teams operated to different thresholds. The inspectorate has concluded that clarity and consistency in recording and classifying referrals are required and that the Council should address these data management issues as a matter of urgency.

- 66 The high number of referrals impacts adversely on the Council's assessment and care management processes. For example:
- The percentage of referrals where a decision was made within one working day fell to 83.4 per cent in 2010-11, the lowest proportion in Wales. The national standard requires all decisions to be made within one working day.
 - The percentage of initial assessments completed within seven working days fell to 46.5 per cent in 2010-11, one of the lowest proportions in Wales. While the Council reports that performance in 2011-12 has improved to 69 per cent, the national standard requires that all initial assessments be completed within seven working days.
- 67 However, the high number of referrals does not fully account for weaknesses in performance and failure to meet national standards. The percentage of mandatory core assessments completed within 35 working days increased to 68.5 per cent in 2010-11, which is slightly better than the Wales average. However, the CSSIW inspection of assessment and care management arrangements undertaken in 2011 concluded that completion rates were lower than the level reported and that there was significant delay and drift in some complex cases. The national standard requires that all core assessments be completed within 35 working days.
- 68 There are positive features in the Council's support for looked-after children. A recent CSSIW review of fostering services found the service to be well run, providing good quality and nurturing care for children and young

people. The stability of foster placements is good, but looked-after children still experience too many school changes. The school attendance of looked-after children has improved at both primary and secondary levels. Educational attainment at key stages 2 and 3 has improved in recent years but fell in 2010. However, GCSE results for looked-after children improved.

- 69 While all looked-after children were allocated to a social worker, the Council did not undertake statutory reviews or complete statutory visits within the required timescales in a significant number of cases.
- 70 The CSSIW has reported that outcomes for young people leaving care are poor, as few are in employment, education or training at age 19. All 17 former looked-after children are still in touch with the council at age 19, but two were not in suitable accommodation. Furthermore, nine of the 17 young people concerned currently did not have the appropriate employment, education or training opportunities that are important in improving the life chances for those leaving care.

The Council is placing fewer homeless families than before in temporary accommodation

- 71 We reported in last year's Annual Improvement Report that the Council was performing well in preventing homelessness but that the Council had made more use of bed and breakfast accommodation than most other councils to house the comparatively small number of homeless families with children. Though not among its improvement objectives for 2010-11, the Council had set a target that no families should be located in short-term accommodation for more than six months. While the Council failed to meet this

ambitious target, the number of families located in short-term accommodation for over six months fell by one third in comparison with 2009-10. Nevertheless, the length of time that homeless families spend in all forms of temporary accommodation remains higher than in most other councils.

The Council continues to take difficult decisions in order to modernise its educational provision but too many secondary schools are producing GCSE results that compare unfavourably with similar schools elsewhere in Wales

Most indicators of educational performance have continued to improve but Estyn has judged that GCSE results in too many secondary schools compare unfavourably with similar schools across Wales

72 We reported in last year's Annual Improvement Report that the standards achieved by pupils in primary and secondary schools in 2010 had, for the fourth year, continued a trend of consistent improvement. In 2011, there was again an improvement in almost all indicators but there was a slight fall at key stage 2 (11 year-olds). In all key stages, pupils' performance across the county compares favourably with that in other councils in Wales. Students in the seven Gwynedd schools with sixth forms again performed well in 2011; the average wider points score for pupils aged 17 at the start of the academic year was higher than in all but three other authorities in Wales.

73 Estyn has told us that, when compared with similar schools across Wales, the performance of schools in the Core Subject Indicator (the percentage of pupils achieving the expected levels in Welsh or English, mathematics and science) is above average in key stage 1 (seven year-olds), around the average in key stage 2 and above average in key stage 3 (14 year-olds). However, the performance of schools at key stage 4 (16 year-olds) is below average, with too many secondary schools in the lowest quarter when compared to similar schools and only two schools out of 14 in the highest quarter. For one indicator, half of all schools are in the lowest 25 per cent.

74 Performance in key stages 3 and 4, based on entitlement to free school meals, met or exceeded eight out of the 12 Welsh Government benchmarks in the four years up to 2010. However, the Council has not met the benchmark for the percentage of learners reaching the level 2 threshold including English or Welsh first language and mathematics in 2009 or 2010. Similar data for 2011 is not yet available.

75 Secondary attendance overall shows an improvement in three of the four indicators. When compared to similar schools across Wales, attendance in Gwynedd's secondary schools is around the average. In primary schools attendance is above the average. The number of exclusions from schools has remained around the average for the last four years, but the number of days pupils lose from school because of fixed-term exclusions of up to five days remains relatively high.

The Council continues to take difficult decisions in the pursuit of better educational provision for children and young people

- 76 Since we reported last year, the Welsh Government has revised its 21st Century Schools initiative to reflect the reduction in the capital funding available. Councils were required to submit revised strategies covering a six-year period, and during which they would be required to contribute 50 per cent of the necessary capital, rather than the 30 per cent that had originally been planned. The Council's revised strategy has attracted £18.1 million in Welsh Government funding in order to improve the quality of school buildings in four areas of the county. This sum is in addition to the £5.5 million of Welsh Government capital previously committed to improving the quality of schools in the Tywyn area. Welsh Ministers have now approved this, the Council's first major reorganisation of schools, that will result in the closure of five schools (one of which has already closed) and the building of a new area school. The Council's willingness to match the Welsh Government funding commitment demonstrates its ambition in terms of improving school buildings.
- 77 We reported in the Auditor General's September Corporate Assessment Update letter that the Council's overall approach to school reorganisation, at both county and local levels, is based on sound principles and a reasonable process. Nevertheless, proposals involving the closure of schools are inevitably controversial. In the case of the Tywyn area reorganisation, the Council can show that it has taken account of people's
- views and, in some cases, made changes to accommodate concerns.
- 78 In the meantime, the Council has continued its programme of reviewing the provision of schools in each catchment area. Councillors have taken difficult decisions in taking forward this agenda, reflecting positively on the Council's political leadership. While the objectives of the reorganisation programme focus appropriately on raising standards, 28.6 per cent of places in Gwynedd schools were empty in January 2011, the highest level of surplus capacity in Wales.
- 79 Despite the inefficiencies associated with high levels of surplus capacity, the cost per pupil of primary school education² has fallen slightly in 2011-12 to £5,060, the fourth highest among all councils in Wales. The equivalent cost for secondary schools increased slightly to £4,942 per pupil, the sixth highest among councils in Wales. In total, expenditure on primary and secondary schools increased by about 0.5 per cent. However, this increase is set within the context of an increase of only 0.1 per cent in the Council's overall expenditure on education. The Council has therefore begun to transfer more resources to 'frontline services', in line with Welsh Government policy.
- 80 The Council has also made a little progress towards meeting targets set by the Welsh Government to increase the proportion of education funding that is delegated to schools. At £3,942 per pupil in primary schools and £4,603 per pupil in secondary schools, delegated budgets are, respectively, the sixth and third highest among councils in

² Figures taken from Revenue Account Forms, and include both delegated and non-delegated expenditure apportioned to primary schools, including specific grants.

Wales. However, schools are not yet making inroads into the considerable financial reserves that they have built up in the past. During 2010-11, the level of reserves held by schools increased by £0.7 million to £4.5 million. This represents £268 per pupil, the second highest level of reserves held by schools in Wales.

The Council is active in seeking to ensure that young people have the necessary skills and attitudes to be able to enter the labour market

- 81 Under its programme for Children and Young People, the Council said that, in 2010-11, it would, 'take steps to improve opportunities for children and young people, by ensuring preventative services that will offer early intervention to those who require such services. The Council has previously piloted a 'Team Around the Child' approach whereby a multi-agency team has worked with young people and their families in the catchment area of a secondary school. This work has been successful in identifying at an early stage problems associated with disaffection from school and wider anti-social behaviour.
- 82 With the support of European grant funding, the Council is now extending this approach to several other areas of the county. This will form part of the wider 'Potensial' project aimed at children and young people aged 11 to 19 who are at risk of disengagement, under-achievement or failure in schools and colleges. Gwynedd Council is leading a consortium consisting of three other councils, two Further Education colleges and Careers Wales in delivering this project the total cost of which amounts to £14.7 million over three

years. In Gwynedd, the project will focus on ensuring that young people are equipped with the skills and the opportunities to enter the labour market. During 2010-11, the Council also developed and implemented a range of projects to offer work experience to unemployed young people through schemes such as the Future Jobs Fund and Genesis³. However, the Council's self-assessment includes no information about the number of such opportunities provided.

The Council has made steady progress in promoting the economic and environmental sustainability of communities in Gwynedd but it is too early for the Council to be able to demonstrate the impact of its effort

- 83 Among its improvement objectives for 2010-11, the Council said that it would, 'nurture and develop a county-wide community that is sustainable, increasing the comparative prosperity by improving the skills base and creating sustainable employment'. In particular, the Council sought to:
- promote economic developments and disseminate growth across the county; and
 - target and develop important sectors in Gwynedd by building on existing strengths.

³ Genesis projects are partly financed by the European Social Fund and are intended to support female lone parents who are economically inactive. However, the projects also assist a number of other disadvantaged groups who may or may not also fit into this category, for example NEETs (those not in employment, education or training), including teenage parents.

84 In its self-assessment of its performance in 2010-11, the Council has listed a number of important factors that justify its focus, as one of its six programme areas, on Regeneration and Economy. The Council notes, for example, that:

- average earnings in Gwynedd are among the lowest in Wales;
- a dependence on a small number of sectors for employment creates a fragile economy; and
- the county's distance from large markets contributes to the comparative underperformance of the economy.

85 We have referred earlier in this report to the fact that the Council's improvement objectives for 2010-11 included no specific measures against which to assess progress. In its balanced scorecard of key indicators, the Council has included only two indicators relating to its contribution to improving the county's prosperity. The Council has recorded that it supported over 500 young people during the year to establish a business and that almost all the Council's industrial units are full.

86 However, the Council has also reported that all of the 19 projects supporting its Regeneration and Economy Programme are on track or making acceptable progress. The Council has, for example, established a fund in order to provide loans to local businesses. It was also successful in helping to attract BBC Radio One's Big Weekend to Bangor in 2010, an event that the Council estimates generated an additional £3.5 million for the

local economy. The Council is also targeting support to specific sectors of business and industry. For example, it has supported the local building trade in competing for contracts to support Cartrefi Cymunedol Gwynedd⁴ in developing its housing stock to meet the Welsh Housing Quality Standard. Cartrefi Cymunedol Gwynedd reports that it has let contracts with a value of almost £9 million to five local companies since its inception in 2010.

87 The Council has recognised in its self-assessment that it is too early to identify the impact of its work on Gwynedd's economy, employment sectors, businesses and communities. However, the Council has included among the measures associated with its 2011-12 improvement objectives a number of indicators that better reflect the impact of its work and that of its partners in developing the county's prosperity.

88 Environmental issues form a significant element of the Council's improvement objectives. In its Environment and Infrastructure programme, the Council said that, in 2010-11, it would work towards securing a 'safe, clean environment which brings benefits to the community'. In particular, the Council sought to ensure:

- a decrease in the county's ecological footprint and a judicious response to climate change; and
- rigorous management of the county's waste.

⁴ Cartrefi Cymunedol Gwynedd is a social housing organisation established in 2010 following the completion of the large-scale transfer of the Council's housing stock.

- 89 The Council's contribution towards mitigating the risks associated with climate change represents part of the wider Community Strategy which is overseen by the Local Service Board. During 2010-11, the Council led the Local Service Board's programme to reduce carbon emissions among public bodies in Gwynedd. During the year, there was a further reduction of four per cent in CO₂ emissions from public buildings. The percentage of municipal waste sent for landfill fell slightly during 2010-11, but the improvement was less than that which had been targeted and the Gwynedd figure remains a little higher than the Wales average. However, the Council also recycles a slightly higher proportion of the waste it collects than the average. The introduction of food waste collection throughout the county during 2011 has the potential to further increase rates of recycling and composting and to reduce the amount of waste sent to landfill.
- 90 The Council's planning shows clearly its awareness that, alongside environmental issues, the economic and social sustainability of its communities is a key priority. During 2010-11, 70 additional units of affordable housing were built. Although fewer than were built in 2009-10, this represents a much higher proportion than before of the total additional housing units provided during the year. The Council also succeeded in bringing 55 empty private-sector dwellings back into use during the year.
- 91 Performance indicators relating to the work of the Council's public protection services are positive in most respects. The Council inspected all high-risk businesses that were liable to a programmed inspection for trading standards, animal health and health and safety. However, as has been the case in the past, the Council inspected only 90 per cent of high-risk businesses for food hygiene. The number of businesses classed as being 'high risk' and therefore due for inspection in Gwynedd is unusually high, with only two councils reporting higher numbers. There were 93 such businesses for which scheduled inspections did not take place during 2010-11.

There are promising signs that the Council is developing its capacity to reflect on its performance and to modify its planning accordingly

- 92 The Auditor General has determined that the Council has discharged all of its duties in relation to publishing improvement information. However, in producing its annual self-assessment, there are some aspects in which the Council might improve its compliance with Welsh Government guidance. We expand on this assessment below.
- 93 The Council published its self-assessment of its 2010-11 performance (the *Improvement Plan – Report on 2010-11*) before the end of October 2011, as required. Overall, we found that the Council's 2011 self-assessment is a significant improvement in comparison with previous years. In particular, the Council's self-assessment shows much better balance than before. This year, the Council has been much clearer in drawing attention to areas that have not been successful as well as those areas that have improved in accordance with the Council's plans and targets.
- 94 The Improvement Plan includes an assessment of success against each of the activities that had been planned in order to contribute to the achievement of each improvement objective for 2010-11. The use of a traffic light system⁵ makes it easy for the reader to assess progress. However, the Council's assessment focuses on the activities, rather than on the improvement objectives that they underpin, making it difficult to be clear about the Council's own assessment of the extent to which those improvement objectives have been achieved. Commentaries for each programme area, and headed 'the story behind the performance', provide a useful and balanced summary of performance. However, they do not provide a clear evaluation of the Council's success or otherwise in relation to its 2010-11 improvement objectives. This weakness is, to a large extent, a consequence of the fact that the Council's improvement objectives for 2010-11 were not defined with enough clarity and precision.
- 95 The Improvement Plan also includes information on all required performance indicators. The Council has, for a number of years, developed a 'balanced scorecard' comprising both national and local indicators to represent its performance in relation to corporate priorities. However, the measures in the balanced scorecard are not linked explicitly to individual improvement objectives. The Council's new Three Year Plan for 2011-14 addresses this issue by including a set of measures for each of the six programme areas.
- 96 Where possible, the reporting of performance information allows the reader to compare the Council's performance against the Wales average, the Council's own performance in the two previous years and the target that the Council had set for 2010-11. The document therefore provides a comprehensive set of comparators although it offers no comparisons with any group of councils that may work in similar contexts to the Council.
- 97 It is not clear, however, how the Council has used its analysis of performance indicators and measures to inform its evaluation. There is no reference in the self-assessment to the lessons learned from those aspects of the

⁵ Green, Amber and Red colours to represent, respectively, achievement as planned, acceptable progress and lack of success.

Council's work that have been successful nor from those aspects that appear to have under-performed. There is too little linkage between the Council's summary of its performance in each programme area and its analysis of performance using national and local performance indicators.

- 98 There are numerous references throughout the Council's self-assessment to partnership working and to further possibilities for collaborative working. However, Welsh Government guidance recommends that the document should include details of the ways in which the Council has exercised its powers of collaboration during the reporting year, including details of whether a collaborative activity has achieved its intended outcomes.
- 99 The Council has complied with Welsh Government guidance by publishing a summary of its self-assessment in its newsletter, *Newyddion Gwynedd*, which is delivered to all households within the county. However, this summary focuses almost exclusively on what the Council sees as its successes in 2010-11. The summary does not relate specifically to the Council's improvement objectives for 2010-11, although it includes information on how the full self-assessment can be accessed.
- 100 As is the case in almost all councils in Wales, there is scope to improve the Council's self-assessment, published each October. However, this document forms only part of the Council's wider function of self-evaluation. We have referred earlier in this report to a number of features that contribute well to a culture of reflection and analysis of performance that feeds into the Council's planning. In particular:
- the Council's project and programme management arrangements provide a formal mechanism whereby progress is assessed regularly, and corrective action is taken where necessary;
 - there is better linkage than before between the Council's improvement objectives for 2011-12 and the measures and indicators it plans to report;
 - the Council has begun to publish updates to its plans that demonstrate the fact that it is regularly taking stock of its performance and acting accordingly; and
 - the Council's proposals for new scrutiny arrangements after May 2012 have the potential to offer a significant means whereby councillors contribute more effectively than before to the evaluation of the impact of decisions and policies.

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 the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges 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. This report also summarises the Auditor General's conclusions on the Council's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in this published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

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

In 2010-11, the Council's total revenue spending, including specific Welsh Government grants, was £267.6 million. This equates to about £2,249 per resident and is very close to the average for councils in Wales. In the same year, the Council also spent £40.1 million on capital items.

The average band D council tax in 2010-11 in Gwynedd was £1,190.38. This has increased by 3.89 per cent to £1,236.66 for 2011-12 and is slightly higher than the Wales average. Seventy-seven per cent of the dwellings within Gwynedd are 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 the use of resources. The political make-up of the Council is as follows:

- 38 Plaid Cymru
- 17 Independent
- 12 Llais Gwynedd
- 4 Labour
- 4 Liberal Democrat

Mr Harry Thomas is the Council's Chief Executive. He is supported by three Corporate Directors, Mr Dilwyn Williams, Mr Dafydd Lewis and Mr Iwan Trefor Jones. The Council employs 6,650 staff, including teachers and other school-based staff. This represents a reduction of about 150 since last year.

Other information

The Assembly Members representing Gwynedd constituencies are:

- Lord Dafydd Elis-Thomas – Dwyfor Meirionydd, Plaid Cymru
- Alun Ffred Jones – Arfon, Plaid Cymru

The Members of Parliament representing Gwynedd constituencies are:

- Elfyn Llwyd – Dwyfor Meirionydd, Plaid Cymru
- Hywel Williams – Arfon, Plaid Cymru

For more information see the Council's own website at www.gwynedd.gov.uk or contact the Council at the Council Offices, Shirehall Street, Caernarfon, Gwynedd, LL55 1SH, or by telephone on 01766 771000.

Appendix 3

Annual Audit Letter to the Members of Gwynedd Council

Local electors and others have a right to look at the Council's accounts. When the Council has finalised its accounts for the previous financial year, usually around June or July, it must advertise that they are available for people to look at. You can get copies of the accounts from the Council; you can also inspect all books, deeds, contracts, bills, vouchers and receipts relating to them for 20 working days after they are made available. You can ask the auditor questions about the accounts for the year that they are auditing. For example, you can simply tell the auditor if you think that something is wrong with the accounts or about waste and inefficiency in the way the Council runs its services. For more information see the Wales Audit Office leaflet, *Council accounts: your rights*, on our website at www.wao.gov.uk or by writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

The Appointed Auditor wrote to the Leader of the Council as follows on 30 November 2011.

Annual Audit Letter to the Members of Gwynedd Council

As you will be aware the Auditor General for Wales will be issuing an Annual Improvement Report (AIR) to each local authority by the end of January 2012 and some of the issues that were traditionally reported in the Appointed Auditor's Annual Audit Letter will be included in that report. Therefore I have taken the opportunity to summarise the key messages arising from the Appointed Auditor's statutory responsibilities into this short letter which forms the Annual Audit Letter. The letter is designed to be a standalone document, but will also be presented to the Council and the public as part of the Annual Improvement Report and therefore discharges my reporting responsibilities under the Code of Audit Practice.

Gwynedd Council complied with its responsibilities relating to financial reporting and use of resources although some issues were identified

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.

On 29 September 2011, 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. A number of matters arising from the accounts audit were reported to members in my Audit of Financial Statements report.

From 2010-11 local authorities in Wales are required to produce their accounts on the basis of International Financial Reporting Standards. The introduction of these new standards imposed significant additional demands on the Council's finance staff.

Despite these additional pressures, the accounts were prepared by the statutory deadline. However, to assist the Council in ensuring that it meets the complex disclosure requirements in the future, we recommend that the Council uses the Code of Practice on Local Authority Accounting disclosure checklist.

The following issues were identified regarding Gwynedd Council's accounts:

- In our opinion, the Council did not provide, in its accounting statements, for the full liability for the capping and after care of a waste disposal site. As a result, there was an uncorrected misstatement of £1.510 million. However, the Council provided management representations to explain the reasons for not amending and confirmed that capital reserves and budget allocations (in 2011-12 onwards) have been set aside to meet this liability.
- A change to the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, effective from 30 September 2010, but which applied retrospectively from 1 April 2008, clarified that the back pay element of equal pay settlements is now pensionable. The Council had not treated some of its payments accordingly, and as such, in our opinion a potential liability of up to £528,000 had not been recognised in the accounts.

The following additional issues were identified regarding the Gwynedd Pension Fund accounts:

- The issue relating to equal pay settlements being pensionable, as referred to in the previous paragraph, has implications for the pension fund. Whilst the onus is on employing authorities to determine the amount of pension contributions due to the Fund, the Council, as administering authority for the Fund, should consider what action, if any, it is required to take, to ensure that the contributions on equal pay back pay are made in accordance with the Pension Regulations.
- Two matters arose regarding accounting practices, one relating to the need to establish a process to independently verify the change in market value of investments and the other to establish a process to identify that it has accrued for all pension liabilities to 31 March.

In respect of both the Council's and the Pension Fund's accounts, a number of members of both the Council and the Pension Fund Committee, failed to make an annual declaration of related party interests, so as to allow the Council to disclose details within the financial statements.

My review 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 Measure (2009). The main findings from this latter work will be set out in the Annual Improvement Report. There are no significant matters I wish to bring to your attention at this stage.

The Council has a well developed medium-term financial strategy and is well placed to meet its financial challenges over the next few years. This is referred to further in the Annual Improvement Report.

I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2011.

The financial audit fees for 2010-11 are currently expected to be in line with those set out in the Annual Audit Outlines.

Anthony Barrett
Appointed Auditor

Appendix 4

Gwynedd Council's improvement objectives and self-assessment

Gwynedd Council's improvement objectives for 2011-12

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific 'improvement objectives' that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

The Council published its improvement objectives in the *Gwynedd Council Three Year Plan, 2011-2014*, which can be found on the Council's website at www.gwynedd.gov.uk. The improvement objectives are grouped under six broad headings:

- Transforming the Council
- Economy and Regeneration
- Children and Young People
- Vulnerable People
- Value for Money
- Environment and Infrastructure

Gwynedd Council's self-assessment of performance in 2010-11

The Council's improvement objectives for 2010-11 were grouped under the same six headings as for 2011-12. They were:

Transforming the Council: To be a body that manages change, that achieves its potential by means of innovative services and ensures that citizens are at the heart of everything it does.

The Council will address the main issues in an attempt to:

- listen to the voice of the public and engage better with the public;
- manage changes carefully and deliberately;
- offer clear priorities;
- make effective use of resources including smooth business processes;
- develop and empower leaders and staff to enable them to work effectively; and
- improve internal and external collaboration in order to ensure the best use of public resources.

Economy and regeneration: To nurture and develop a county-wide community that is sustainable, increasing the comparative prosperity by improving the skills base and creating sustainable employment.

The Council will address the main issues in an attempt to:

- promote economic developments and disseminate growth across the county;
- provide the correct type of skills which reflect opportunities in the labour market;
- offer fairness and opportunities for vulnerable communities;
- seek to establish the best way to break the deprivation cycle; and
- target and develop important sectors in Gwynedd by building on our strengths.

Children and young people: To support and develop the potential of each child and young person within the county by ensuring early intervention and preventative support as required.

The Council will address the main issues in an attempt to:

- seek to remove barriers in order to release the potential of children and young people across the county;
- provide the correct type of education and training provision for children and young people in order to ensure that they reach their full potential; and
- take steps to improve opportunities for children and young people, by ensuring preventative services that will offer early intervention to those who require such services.

Vulnerable people: To ensure equal opportunities for people and communities across the County by ensuring that the most vulnerable individuals have the opportunity to live full lives in a situation of their choice.

The Council will address the main issues in an attempt to:

- offer fairness and opportunities for the most vulnerable people;
- ensure that provisions for vulnerable people are planned and commissioned to meet the needs of the individual;
- prepare responsive services in an integrated way that are easily accessible; and
- give people an opportunity to live independently according to their wish.

Value for money: To ensure effective and responsive services by making the best use of all resources in order to contribute in full towards improving Gwynedd.

The Council will address the main issues in an attempt to:

- identify substantial financial savings;
- redirect resources;
- make effective use of our systems and technology;
- improve our information and data systems; and
- make effective use of our assets.

Environment and infrastructure: To promote a safe environment with suitable housing and convenient and useful communications for Gwynedd and its residents in the face of local changes and changes to our surroundings.

The Council will address the main issues in an attempt to secure:

- a safe, clean environment which brings benefits to the community;
- a supply of suitable housing in the county; and
- convenient and useful communications.

The Council's self-assessment of its performance can be found in its *Improvement Plan – Report on 2010-2011*, available on the Council's website.