



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2015-16

Conwy County Borough Council

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Gwilym Bury, Fflur Jones, Siân Clark and Jeremy Evans under the direction of Jane Holownia.

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The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

Together with appointed auditors, the Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

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

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

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Summary report

About this report

- 1 This Annual Improvement Report (AIR) summarises the audit work undertaken at Conwy County Borough Council (the Council) since the last such report was published in July 2015. This report also includes a summary of the key findings from reports issued by 'relevant regulators', namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner (WLC). Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 2 Taking into consideration the work carried out during 2015-16, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2016-17.
- 3 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 4 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@audit.wales or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

2015-16 performance audit work

- 5 The work carried out since the last AIR, including that of the 'relevant regulators', is set out below.

Project name	Brief description
Wales Audit Office Financial Resilience Assessment	Review of the Council's financial position and how it is budgeting and delivering on required savings.
Wales Audit Office Annual 'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives.
Wales Audit Office Annual 'Assessment of Performance' Audit	Review of the Council's published performance assessment, including testing and validation of performance information.
Wales Audit Office Performance management: Benchmarking social services costs against performance	Review across the North Wales councils to explore the value of the current social services performance indicators and the links, if any, with costs.
Wales Audit Office Performance management: Review of Arrangements to Raise Standards in Schools	Review to examine if the Council is well placed to complement the work of its key partners in raising education standards and influence the work of GwE (the North Wales Regional School Improvement Service) and, where necessary, to intervene in its schools. Reporting in Spring 2016.
Wales Audit Office Governance: Review of the Council's arrangements for scrutiny and improvement boards	Review of the Council's scrutiny and improvement boards' arrangements and their effectiveness.
CSSIW: Inspection of safeguarding of looked-after children in foster care	Assessment of the effectiveness of the Council's services for looked-after children in foster care.
CSSIW: Review of the Social Services Department's performance 2014-15	Assessment of the performance of the Council's Social Services Department.
WLC: Review of the Council's Welsh Language Scheme	Assessment of the effectiveness of the Scheme in providing Council services to the public in Welsh.
Wales Audit Office Follow-up work	To assess whether the Council has appropriate corporate processes for responding to reports, tracking implementation of recommendations and reporting this to the appropriate committee.
Wales Audit Office National Reports	<ul style="list-style-type: none"> • The financial resilience of councils in Wales • Community Safety Partnerships • Income generation and charging • Council funding of third sector services

The Council, with sound financial management and scrutiny arrangements, continues to make progress in delivering improvements in most of its priority areas

- 6 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Measure and secure improvement during 2016-17. The Auditor General has reached this conclusion because:
- whilst some Council services continue to improve it needs to address a marked decline in performance in children's education;
 - although the Council has low levels of reserves it continues to have appropriate financial management arrangements with no immediate shortcomings; and
 - the Council's scrutiny arrangements continue to support sound decision making and it has good corporate processes for responding to reports from external regulators.

Recommendations

- 7 Given the wide range of services provided by the Council and the challenges it is facing, 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 it 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.

- 8 During the course of the year, the Auditor General did not make any formal recommendations. However, lower-priority issues, known as proposals for improvement, are contained in our other reports but may be referred to later on in this report. We will continue to monitor proposals for improvement during the course of our improvement assessment work. He does, however, make recommendations that may be relevant to the Council in his Local Government National Reports. A list of recommendations contained in reports issued in 2015-16 can be found in [Appendix 3](#).
- 9 In addition, the CSSIW, and the WLC included areas for improvement in their inspection reports and letters issued to the Council during the year. These are available at www.cssiw.org.uk, www.estyn.gov.uk and www.comisiynyddygydraeg.org.
- 10 Estyn issued no inspection reports to the Council during 2014-15 or 2015-16.

Detailed report



Performance

Whilst some Council services continue to improve it needs to address a marked decline in performance in children's education

Estyn's evaluation of school performance in Conwy

- 11 The proportion of pupils eligible for free school meals in Conwy is lower than the Wales average. This is taken into account when evaluating the performance of the Council.
- 12 Performance in the Foundation Phase indicator¹ has declined from the previous year but performance in the key stage 2 core subject indicator has improved, albeit at a slower rate than the Wales average. Performance for both indicators remains below the average for Wales and below that in similar authorities.
- 13 At key stage 3, performance in the core subject indicator has improved at a faster rate than the Wales average for the last three years. Performance in this measure has exceeded the benchmark for performance set by the Welsh Government for the last three years.
- 14 Conwy has not met the key stage 4 benchmarks for performance set by the Welsh Government in 2015 in the level 2 threshold including English or Welsh first language and mathematics or the average capped points score. However, it met all of the expected benchmarks for the previous two years.
- 15 At key stage 4² performance in the level 2 threshold including English or Welsh first language and mathematics and the average capped points score, and the percentage of pupils achieving five or more GCSE A*-A grades, has all declined in 2015. Performance in these indicators is below the Wales average
- 16 In 2015, the performance of pupils eligible for free school meals is below the average for similar pupils across Wales in primary schools. In most of the main indicators, performance of pupils eligible for free school meals is above the Wales average for similar pupils in secondary schools.
- 17 Attendance has improved in primary and secondary at a similar rate to the Wales average and is currently around the Wales average in both sectors.

1 The **Foundation Phase indicator** refers to the percentage of pupils who reach the expected performance (outcome level 5) in three areas of learning in the Foundation Phase: literacy, language and communication in English or Welsh first language; mathematical development; and personal and social development, wellbeing and cultural diversity.

The **core subject indicator** refers to the percentage of pupils who attain the level expected of them in mathematics, science and either English or Welsh as a first language. This equates to level 4 or above at key stage 2 and level 5 or above at key stage 3.

The level 2 indicator including English or Welsh and mathematics represents a volume of learning equivalent to five GCSEs at grade A* to C including English or Welsh first language and mathematics.

2 Where the text refers to 'main indicators', at key stage 4 this would include the level 1 indicator (a volume of learning equivalent to five GCSEs at grade A* to G), the level 2 indicator (a volume of learning equivalent to five GCSEs at grade A* to C), and the percentage of pupils achieving five GCSEs at grade A* to A, in addition to the core subject indicator and the level 2 indicator including English or Welsh and mathematics. The 'main indicators' prior to key stage 4 are the Foundation Phase indicator and core subject indicators for key stages 2 and 3. The performance indicators for the Foundation Phase key stages 2 and 3 are based on teacher assessment. The performance indicators for key stage 4 are based on externally verified qualifications such as GCSEs.

Overall adult social care continues to be strong but in children's services whilst there have been improvements in some areas, such as timeliness of child protection conferences, there is a lack of progress in others

- 18 The CSSIW published its Annual Review and Evaluation of Performance for Conwy 2014-2015 in October 2015 and this is available on its [website](#).
- 19 After an ambitious transformation and ongoing programme which commenced in 2013-14, the Council social services department has made major changes to its structure, including realignment of teams in preparation for implementation of the Social Services and Wellbeing (Wales) Act (SSWB Act), as well as making significant savings to meet the Council's budget. There has been some progress in relation to the areas identified in last year's performance evaluation report, but there is lack of progress in some key areas. The new Community Wellbeing section of the service has taken time to fully develop particularly in relation to commissioning, resulting in limited progress with both commissioning strategies and relationships with the third sector. Overall, the comprehensive transformation programme has slowed some strategic development; some plans made last year are only recently implemented and impacts of changes will be clearer next year.
- 20 The CSSIW found evidence of progress in relation to services for older people and for adults with learning disabilities who have complex needs, particularly around accommodation, but also in integrated work with health partners that enables people to remain at home.
- 21 A positive development within adult services is its greater focus on community services, re-ablement and promoting independence. The Single Point of Access and multi disciplinary locality hubs have helped ensure a swifter response to meeting needs. The Council recognises the ageing population profile in Conwy requires development of its dementia services but there has been little progress in this area over the last year. Conwy Social Services has some in-house service provision for people with dementia through its reablement team, but this has been restricted due to limited capacity. There are plans to phase out this in-house provision and commission services from the independent sector. Commissioning with the independent sector has already created a service in rural Llanrwst that provides carers with a break by supporting approximately 60 people with a day service, but this is limited geographically and needs to be expanded.
- 22 However, there is little evidence of progress in the development of community services for people with dementia, despite recognition of the profile of an ageing population in Conwy. The infrequency of and quality of reviews, particularly of people in care homes, remains an issue and the current plans in place to address this will only partly rectify the matter. There has been little progress during 2014-15 in ensuring more timely and/or comprehensive reviews of care arrangements and this remains an area for improvement. A shorter assessment framework recently developed may increase numbers of reviews completed in the future, but this does not resolve the quality issue.

- 23 Provision of respite for carers is recognised as a gap in dementia care services, particularly where nursing care is required for this support, and the Council is working with their health colleagues to resolve the problem. The Council is heavily reliant on informal caring arrangements and its own residential care facility for meeting the needs of people with dementia. Conwy dementia partnership (between health, the third sector and social services) has mapped the dementia journey taking into account the services each organisation has to offer and identifying the gaps. The public has been engaged with this process. The Council now needs to complete its draft market position statement and commissioning strategy to include actions, with timescales, so that this work is progressed.
- 24 Several service risks were identified within all aspects of operation and these were highlighted at the Council's corporate risk register meeting. These include too great an emphasis on the medical model of care and insufficient focus on the social aspects of people's situation. It has been recognised that a cultural shift towards a social care model is needed and the Council reports early signs of improvement. Sickness absence in the service is also problematic. Other areas identified for improvement centre on the interface between social care and NHS staff.
- 25 Further improvement is required in the analysis of commissioning activity and development of commissioning strategy. Systems are in place to capture local commissioning activity but no clear market position statement is in place.
- 26 Betsi Cadwaladr University Health Board (BCUHB) has been in a state of flux and key positions in BCUHB have only recently been filled. The Council continues in its effort to build relationships with decision makers. Operationally, there is evidence of effective collaborative work ensuring good outcomes for people. One such development is Bod Alaw in Colwyn Bay which will support seven people to live independently in the community from November 2016, and a further two similar facilities are planned each of which will accommodate around six people. The Council is scoping out the potential to develop existing but unused county owned properties for similar purposes, making full use of resources available. This is an example of strong partnership working between the Council, the health board and the local housing associations which will enable people with learning disabilities to remain housed in their local areas.
- 27 In children's services there have been improvements in some of the areas identified in 2013-14, such as timeliness of child protection conferences, but a lack of progress in others and several other areas of performance that have declined markedly. A more timely intervention from the Children and Adolescent Mental Health Services team for young people remains an area for improvement and one that the Council is monitoring. A greater focus on outcomes for children who are looked after also remains a further area for improvement.

- 28 The Council's performance in relation to children's services has deteriorated in some areas and there has been no surge in demand to account for this. Timeliness of core assessments has declined considerably: while almost 90 per cent were completed within the 35-day timescale last year, performance deteriorated during 2014-15 to 74 per cent at end of year. Timeliness of initial assessments has also fallen from 82 per cent being carried out within seven working days, to 76 per cent in 2014-15. There has been an increase in numbers on the child protection register from 80 in 2014 to 98. The Council is exploring reasons for the difference in performance this year and this is an area CSSIW will further explore. The Council's improvement plan resulted in a positive outturn on the percentage of initial child protection conferences held within 15 working days of the strategy discussion from 78 per cent in 2013-2014 to 89.6 per cent in 2014-15, close to the Wales average, and it is encouraging the Council has an action plan in place to further improve this. Performance in timeliness of reviews of children in need plans continues to see year-on-year improvement.
- 29 More positively CSSIW found there is now a needs analysis of future looked after children and systems in place for sharing information and strategic planning. There has been improvement in the timeliness of child protection conferences from 78 per cent in 2013-14 to 89 per cent in 2014-15. It is positive to note that the Council has further developed the established Buddies group which supports looked after children. Links with housing services to improve outcomes for care leavers have been strengthened but it is too soon to evaluate the impact of this. There is evidence that families in Conwy are being supported to access a greater range of universal community services. There has been an increasing demand for services provided by the Families First Programme and since March 2013 the Team Around the Family has seen increasing demands for preventative work having received 644 referrals. Three month callbacks to families 'closed to the team' indicate a high level of success with only three per cent going on to need a statutory service.
- 30 During 2015-16, CSSIW carried out a national thematic review of commissioning and also undertook inspections of regulated services run by the Council and by independent operators. Details of these are contained in published reports and available on [CSSIW's website](#).
- 31 As part of the Wales Audit Office Social Services Sustainability work across the six North Wales councils, we produced a document for the Council that presented:
- future demand for social services in Conwy through benchmarking population projections for children and older people; and
 - a suite of graphical analyses that combined financial and performance data for social services in Conwy over multiple years and which also placed the Council within the context of the other 21 Welsh councils.

- 32 There were no reports, recommendations or conclusions from this work as we provided each Council with a data pack that displayed information from a value-for-money perspective and facilitated a North Wales-wide workshop for Directors of Social Services and other key senior managers.

The Council continues to be compliant with the Local Government Measure 2009

- 33 The Council has, as in previous years, met its improvement reporting duties under the Measure and the Auditor General's October 2015 **Improvement Assessment Certificate** concluded that the Council had discharged its improvement reporting duties under the Measure. In particular:
- The Council had published an assessment of its performance during 2014-15 in its 'Annual Report 2014-15' (the Report) before 31 October 2015. The Report evaluated the Council's success in achieving its improvement objectives and expresses its view clearly.
 - The Report included a short section for citizens who wanted to provide feedback or make comments on the Report.
 - The Report assessed the Council's performance in the preceding financial year (2014-15) and set out how the Council had sought to discharge its duties under the Measure.
 - The Report included details of performance and comparisons as measured by the national statutory performance indicators.
 - The Report included a short section on the ways in which the Council had sought to collaborate.
- 34 We have previously reported that the Council rightly considers performance information integral to effective performance management and service delivery. This remains the case. It has developed approaches to target-setting which are well supported by management information. The Council has developed a comprehensive set of documents and supporting guidance that help provide assurance that its performance management arrangements are effective. The work produced by the central policy team has been further strengthened during 2015 by the introduction of a new Performance Management System and the overall quality of performance papers presented to scrutiny and Cabinet has improved.
- 35 The Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to make arrangements to secure continuous improvement in the exercise of its functions. The Auditor General's May 2015 Improvement Plan Certificate concluded that the Council had discharged its improvement planning duties under the Measure.

The Council's own performance standards continue to present an overall picture of improving services but education performance as measured by national indicators fell and is below the Welsh average

- 36 The Council's national indicator performance in 2014-15, although still adequate, declined. The Council now has 12 rather than 15 of the 25 statutory performance indicators in the top quarter of council performance in Wales. The number of the statutory measures in the bottom quarter also increased, from four to eight. The Council is working to improve performance and action plans are in place.
- 37 Pupil performance at key stage 4, in the level 2 threshold including English or Welsh first language and mathematics and the average capped points score, and the percentage of pupils achieving five or more GCSE A*-A grades, all declined in 2015. Performance in these indicators is below the Wales average.
- 38 However, the Council continued to achieve further improvements across all of its service areas to help achieve its corporate objectives. The Conwy Corporate Plan is based upon the eight Citizen Outcomes for Conwy that form part of the multiagency Integrated Community Plan, 'One Conwy 2012-2025'. The Council has identified eight citizen outcomes which set out the opportunities the Council want its citizens to have, such as 'People in Conwy are healthy and independent' and 'People in Conwy are informed, included and listened to'. These improvement objectives are relevant, achievable and reviewed annually through the Corporate Plan 2012-17. Progress is reported each year through the Council's Annual Performance Report. In 2014-15 across the eight citizen outcomes only three performance measures were judged by the Council to be not meeting the Council's annual targets.
- 39 Of particular note is the launch of the Conwy Housing Solutions Partnership as part of the SARTH project (Single Access Route to Housing). The project has successfully addressed a long standing concern about the quality of services provided to people in Conwy who require help in accessing affordable housing in both the private sector and social housing. The partnership with local housing associations, private landlords, and neighbouring councils is an excellent example of successful collaborative working.

Welsh Language Commissioner's evaluation of Conwy's performance

- 40 The role of the Welsh Language Commissioner (the Commissioner) was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 41 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.
- 42 The Commissioner included areas for improvement in their inspection reports and letters issued to the Council during the year. These are available on their [website](#).

Use of resources

Although the Council has low levels of reserves it continues to have appropriate financial management arrangements with no immediate shortcomings

Audit of the Council's accounts

43 In November 2015 the Auditor General issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. The Annual Audit Letter can be found in [Appendix 2](#) of this report.

Overall, the Council's future plans and arrangements to deliver savings are fit for purpose and are being effectively managed, but the Council's use of reserves to balance budgets is not sustainable

- 44 Financial resilience is achieved when an authority has robust systems and processes to effectively manage its financial risks and opportunities, and to secure a stable financial position.
- 45 The Council has an effective corporate framework for financial planning and has a clear vision and aims that are reflected in a coherent set of improvement objectives. Budget-setting at the Council supports the delivery of its corporate visions, aims and improvement objectives, and its priorities influence annual budget and savings plans, although this could be improved by linking these plans more explicitly through the Medium Term Financial Strategy. The Medium Term Financial Strategy also does not currently include the Council's Performance Measures.
- 46 The Council uses robust data to support its assumptions, although lack of clear indications by the UK and the Welsh Government continues to provide challenges for financial planning. The 2015-16 Savings Plan is SMART (specific, measurable, achievable, relevant and timely). There is a clear description of where savings will be made and specific amounts are agreed against each item as part of the annual budget. Efficiency savings plans have been developed across all departments and take account of anticipated savings of £1.1 million through the Council's transformation programme for 2015-16.

- 47 The Council accurately identified a shortfall of £16 million in the 2015-16 budget, although their early assumptions for AEF were much higher than the amount confirmed by the Welsh Government in November 2014, which placed great pressure on the Council to quickly identify further savings. The delayed announcement of the UK spending review following the general election meant that the Welsh Government announcement of AEF was even later during 2015. The Council intends to meet the 2015-16 shortfall, as well as its early assumptions for the shortfall for 2016-17 and 2017-18 through budget savings, an annual five per cent rise in Council Tax and the use of reserves and balances.
- 48 In our last AIR we noted that the Council recognised that its use of non-recurring funding to balance its budget was not sustainable in the long term. We also noted how the Council's level of reserves was among the lowest in Wales and that further consideration would be given in this year's assessment to its financial planning with regard to reserves. The Council continues to use its reserves to balance its budget, and plans to do so again in 2016-17 but intends to meet its 2017-18 shortfall without the use of reserves, through further savings and continuing to increase Council Tax above the rate of inflation.
- 49 In previous AIRs we have noted that school reserves within the County were one of the highest in Wales. This remains the case and despite reserves decreasing slightly between 2012-13 and 2013-14, they increased again during 2014-15. At March 2015 the reserves per pupil in Conwy County were £243, the third highest in Wales. The Council recognises this and its Schools and Education Services department is working with schools to ensure reserves are better planned and managed prudently.

The Authority has satisfactory financial controls, has made good progress against areas previously identified as weak by external regulators and those responsible for managing financial performance are held to account

- 50 The Council has a good track record of delivering identified savings within year against its planned actions. The Council successfully identified, planned for and delivered a range of recurring and non-recurring savings required to meet the budget shortfall between 2012-13 and 2014-15, with an additional surplus of £307,000 achieved during 2014-15.
- 51 The Council's Financial Regulations include a section on budgets, covering financial planning and budgeting; budgetary control; virement and exceptional supplementary budgets. It is the responsibility of Heads of Service to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Strategic Director – Finance and Efficiencies. All Heads of Service should report on variances within their own areas to the Strategic Director – Finance and Efficiencies and then to Cabinet. They should also take any action necessary to avoid exceeding their budget allocation and alert the Strategic Director – Finance and Efficiencies to any problems.

- 52 The Council has recently improved its Medium Term Financial Strategy but some weaknesses remain such as the absence of comprehensive links to service plans and the Council's Performance Measures. The Council has recently introduced a formal policy on the use of reserves, which further strengthens the continuing review by councillors and officers of reserves and balances.
- 53 The Council does not currently have an authority-wide policy on income generation and charging. Also, while most individual services manage and review policies relating to specific charges within their departments, some policies are not regularly reviewed and a minority of the services the Council charges for do not have specific income generation policies. In our 2015 report **Supporting the Independence of Older People: Are Councils Doing Enough?** we highlighted that where there was an absence of income generation policies there is a greater risk that councils are changing services without fully assessing the potential impact on, for example, older people, which undermines their ability to fully meet the Public Sector Equality Duty.
- 54 The Council's budget monitoring arrangements are being effectively managed by a Finance team that is professionally qualified and experienced. The Council has a number of clear and cohesive policies relating to financial management. The Council's budget management policy is appropriate and is supported by a comprehensive suite of policies and processes for councillors, officers and budget holders. The Council has satisfactory financial controls and has made good progress against areas previously identified as areas for improvement by external regulators.
- 55 The Financial governance arrangements at the Council are effective and strong. The 'Team Conwy' approach promotes trust and the constructive sharing of information between those involved in budgetary management. An example of this approach working in practice is the Council's Budget Consultation Group, which is a forum for including councillors of all parties to identify savings and scrutinise expenditure. This forum has identified a number of savings and promotes good relations across the Council in budget setting and management.

Governance

The Council's scrutiny arrangements continue to support sound decision making and it has good corporate processes for responding to reports from external regulators

The Council's scrutiny arrangements continue to support sound decision making

- 56 During 2015-16 the Wales Audit Office undertook a review of the Council's arrangements for scrutiny and improvement boards with a focus on monitoring the impact of the transformation programme. We reported in our 2014 Corporate Assessment that relationships between councillors and officers continue to be constructive and are underpinned by appropriate training, guidance and role descriptions. Councillors conduct themselves appropriately and generally seek to be constructive in committee meetings, even when they disagree with each other. The Council aims to provide training and development based on needs and councillors are generally positive regarding the training provided.
- 57 The Cabinet and the Scrutiny Committees meet frequently and align their work programmes closely and effectively. Each committee has a well-defined forward work programme and reviews this at each meeting. The content of agendas is carefully managed so that decisions required in order to progress projects are taken in a timely fashion.
- 58 The quality of papers presented to scrutiny is good. A group of senior officers review papers that are deemed to be potentially controversial or significant well before they enter the democratic process. Furthermore, the extensive engagement of councillors through, for example, their membership of and their involvement in budget workshops generally ensures that the recommendations included within committee papers are likely to command a broad level of support. This largely accounts for the fact that scrutiny committees generally accept the recommendations set out in their committee papers. We observed, however, examples where scrutiny committees have modified the recommendations included in papers and exhibited robust and well-informed challenge to the staff presenting the papers.
- 59 The Council is reviewing whether it needs to continue with operating Improvement Boards in parallel with its existing scrutiny and strengthened programme management arrangements. In examining the work of the existing Improvement Board we could find no recent evidence where the Board had made a difference to the quality of decision making and the outcomes for the people of Conwy and we would agree if the Council's decision is to discontinue the Improvement Boards.

The Council has good corporate processes for responding to reports from external regulators

- 60 The Council has good corporate processes for responding to reports from the Auditor General for Wales, tracking implementation of recommendations and reporting this to meetings of the Council. In the 2015 AIR we noted that the Council's Improvement and Audit Group (IAG) oversees actions arising from external regulatory reports such as National reports, and progress is reported quarterly to the Audit Committee. A schedule of outstanding recommendations from external regulators is reviewed quarterly by the Audit Committee.
- 61 The Council can evidence that actions are either on track or completed for any recommendations or proposals for improvement including the recommendations in the Auditor General's 2014-15 five Local Government National Reports which had been issued prior to March 2015. The Council discussed some of the individual reports at scrutiny committees and the Audit Committee and produced a comprehensive review and action plan for all the reports.
- 62 Since the last AIR was published a further five Local Government National Reports with recommendations that may be relevant to the Council have been published. All the reports have already been considered by the Council through its existing procedures for examining reports from external regulators. A list of recommendations contained in reports issued in 2015-16 can be found in [Appendix 3](#).

Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to ‘make arrangements to secure continuous improvement in the exercise of [their] functions’. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority’s likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority’s track record of improvement. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2 – Annual Audit Letter

Iwan Davies
Chief Executive
Conwy County Borough Council
Bodlondeb
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November 2015

Dear Iwan,

Annual Audit Letter – Conwy County Borough Council 2014-15

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

The Council complied with its responsibilities relating to financial reporting and use of resources.

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards.

On 30 September 2015, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts.

The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on 28 September 2015, and a more detailed report will follow in due course.

We brought to the attention of management three misstatements that were corrected by management. These related to:

- £1.1m of council tax monies recognised in March 2015 but relating to April 2015;
- additional Highways and Transport Service income and expenditure of £684k recognised due to an error reversing out internal recharges; and
- historical and current errors in accounting for PPE revaluation movements.

Our audit work also identified a small number of minor presentational errors that have been corrected in the final version of the financial statements. These changes had no impact on the underlying financial position reported.

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

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. My Annual Improvement Report will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made.

I issued my opinion on the audit of the accounts on 30 September 2015. I am not yet in a position to certify the closure of the audit for 2014/15. This is because the 2010/11, 2011/12, 2012/13 and 2013/14 audits remain open owing to a number of unresolved objections received from a member of the public. Objections have also been received for 2013/14 and we are presently evaluating the questions raised to assess whether they fall within our remit for investigation and how to resolve them. Where I have resolved objections during the year, I have reported this to the Council's Audit Committee.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2015-16 accounts or key financial systems.

A more detailed report on my grant certification work will follow in early 2016 once this year's programme of certification work is complete.

The financial audit fee for 2014-15 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

Ian Pennington, Director, KPMG LLP
For and on behalf of the Auditor General for Wales

Appendix 3 – National report recommendations 2015-16

Date of report	Title of review	Recommendation
April 2015	The financial resilience of councils in Wales	<p>R1 Councils should ensure that their corporate plan:</p> <ul style="list-style-type: none"> • is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure; • maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and • should clearly articulate the desired role of the council in five years - the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances.
		<p>R2 The medium term financial plan should identify the major financial risks and key assumptions and senior officers and councillors should subject them to effective scrutiny and challenge before adopting the plan.</p>
		<p>R3 Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.</p>
		<p>R4 Councils should review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.</p>
		<p>R5 Councils should ensure that they have a comprehensive reserves strategy that outlines the specific purpose of accumulated useable reserves as part of their Medium term Financial Plan.</p>
		<p>R6 Councils should develop corporate wide policies on income generation with a view to increasing revenue streams and relieving financial pressures.</p>
		<p>R7 Councils should:</p> <ul style="list-style-type: none"> • strengthen budget setting and monitoring arrangements to ensure financial resilience; and • review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems.
		<p>R8 Councils must review their finance teams and ensure that they have sufficient capacity and capability to meet future demands.</p>
		<p>R9 Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.</p>

Date of report	Title of review	Recommendation
June 2015	Achieving improvement in support to schools through regional education consortia – an early view	<p>R1 To clarify the nature and operation of consortia. We found there to be continuing uncertainty about some aspects of the nature of regional consortia and their present and future scope (paragraphs 2.2 to 2.20). We therefore recommend:</p> <ul style="list-style-type: none"> Local authorities should clarify whether consortia services are jointly provided or are commissioned services (services provided under joint-committee arrangements are jointly provided services and are not commissioned services).
		<p>R2 To focus on outcomes through medium-term planning. We found that the development of effective regional consortia was hindered by a focus on short-term actions and uncertainty about the future of consortia (paragraphs 2.33 to 2.36; 3.16 to 3.17). We therefore recommend:</p> <ul style="list-style-type: none"> As any possible local authority re-organisation will not be fully implemented until 2020, the Welsh Government and regional consortia should develop three-year plans for the further development, scope, and funding of regional consortia linked to appropriate strategic objectives.
		<p>R3 To develop more collaborative relationships for the school improvement system. The development of the National Model for Regional Working involved many school improvement partners but we found that this had not led to the development of sufficiently collaborative relationships (paragraphs 2.25 to 2.32). We therefore recommend:</p> <ul style="list-style-type: none"> Regional consortia should develop improved arrangements for sharing practice and supporting efficiency (for example, one consortium could take the lead on tackling an issue or have functional responsibility for the development of a policy). The Welsh Government, local authorities and regional consortia should recognise the interdependency of all partners fulfilling their school improvement roles and agree an approach to: <ul style="list-style-type: none"> information sharing and consultation about developments related to school improvement; developing collaborative relationships of shared accountability; and undertaking system wide reviews, and an alignment of the understanding and position of regional consortia across all Welsh Government relevant strategies.

Date of report	Title of review	Recommendation
June 2015	Achieving improvement in support to schools through regional education consortia – an early view	<p>R4 To build effective leadership and attract top talent. Regional consortia, local authorities and the Welsh Government have all found difficulties in recruiting to senior leadership for education and we found there had been limited action to address this (paragraphs 2.37 to 2.40). We therefore recommend:</p> <ul style="list-style-type: none"> • the Welsh Government and local authorities should collaborate to improve the attractiveness of education leadership roles to attract the most talented leaders for the school improvement system; and • local authorities should collaborate to support the professional development of senior leaders and to ensure appropriate performance management arrangements are in place for senior leaders. <p>R5 To improve the effectiveness of governance and management of regional consortia. Whilst continuing progress is being made, we found that regional consortia have not yet developed fully effective governance and financial management arrangements (paragraphs 3.2 to 3.36). We therefore recommend that local authorities and their regional consortia should:</p> <ul style="list-style-type: none"> • improve their use of self-evaluation of their performance and governance arrangements and use this to support business planning and their annual reviews of governance to inform their annual governance statements; • improve performance management including better business planning, use of clear and measurable performance measures, and the assessment of value for money; • make strategic risk management an integral part of their management arrangements and report regularly at joint committee or board level; • develop their financial management arrangements to ensure that budgeting, financial monitoring and reporting cover all relevant income and expenditure, including grants funding spent through local authorities; • develop joint scrutiny arrangements of the overall consortia as well as scrutiny of performance by individual authorities, which may involve establishment of a joint scrutiny committee or co-ordinated work by local authority scrutiny committees; • ensure the openness and transparency of consortia decision making and arrangements; • recognise and address any potential conflicts of interest; and where staff have more than one employer, regional consortia should ensure lines of accountability are clear and all staff are aware of the roles undertaken; and • develop robust communications strategies for engagement with all key stakeholders.

Date of report	Title of review	Recommendation
July 2015	Review of Corporate Safeguarding Arrangements in Welsh Councils	<p>R1 Improve corporate leadership and comply with Welsh Government policy on safeguarding through:</p> <ul style="list-style-type: none"> • the appointment of a senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements; • the appointment of a lead member for safeguarding; and • regularly disseminating and updating information on these appointments to all staff and stakeholders. <p>R2 Ensure there is a corporate-wide policy on safeguarding covering all Council services to provide a clear strategic direction and clear lines of accountability across the Council.</p> <p>R3 Strengthen safe recruitment of staff and volunteers by:</p> <ul style="list-style-type: none"> • ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children; • creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and • requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the Council which are underpinned by a contract or service level agreement. <p>R4 Ensure all relevant staff, members and partners understand their safeguarding responsibilities by:</p> <ul style="list-style-type: none"> • ensuring safeguarding training is mandated and coverage extended to all relevant Council service areas, and is included as standard on induction programmes; • creating a corporate-wide system to identify, track and monitor compliance on attending safeguarding training in all Council departments, elected members, schools, governors and volunteers; and • requiring relevant staff in partner organisations who are commissioned to work for the Council in delivering services to children and young people to undertake safeguarding training. <p>R5 In revising guidance, the Welsh Government should clarify its expectations of local authorities regarding the roles and responsibilities of the designated officer within education services, and the named person at senior management level responsible for promoting the safeguarding.</p>

Date of report	Title of review	Recommendation
July 2015	Review of Corporate Safeguarding Arrangements in Welsh Councils	R6 Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and Council-wide set of performance information covering: <ul style="list-style-type: none"> • benchmarking and comparisons with others; • conclusions of internal and external audit/inspection reviews; • service-based performance data; • key personnel data such as safeguarding training, and DBS recruitment checks; and • the performance of contractors and commissioned services on compliance with Council safeguarding responsibilities.
		R7 Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the Council's safeguarding practices.
		R8 Ensure the risks associated with safeguarding are considered at both a corporate and service level in developing and agreeing risk management plans across the Council.
October 2015	Supporting the Independence of Older People: Are Councils Doing Enough?	R1 Improve governance, accountability and corporate leadership on older people's issues through: <ul style="list-style-type: none"> • the appointment of a senior lead officer who is accountable for coordinating and leading the Council's work on older people's services; • realigning the work of the older people's strategy coordinators to support development and delivery of plans for services that contribute to the independence of older people; • the appointment of a member champion for older people's services; and • regularly disseminating and updating information on these appointments to all staff and stakeholders.
		R2 Improve strategic planning and better coordinate activity for services to older people by: <ul style="list-style-type: none"> • ensuring comprehensive action plans are in place that cover the work of all relevant Council departments and the work of external stakeholders outside of health and social care; and • engaging with residents and partners in the development of plans, and in developing and agreeing priorities.
		R3 Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.

Date of report	Title of review	Recommendation
October 2015	<p>Supporting the Independence of Older People: Are Councils Doing Enough?</p>	<p>R4 Ensure effective management of performance for the range of services that support older people to live independently by:</p> <ul style="list-style-type: none"> • setting appropriate measures to enable members, officers and the public to judge progress in delivering actions for all Council services; • ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and • establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny. <p>R5 Ensure compliance with the Public Sector Equality Duty when undertaking equality impact assessments by:</p> <ul style="list-style-type: none"> • setting out how changes to services or cuts in budgets will affect groups with protected characteristics; • quantifying the potential impact and the mitigation actions that will be delivered to reduce the potentially negative effect on groups with protected characteristics; • indicating the potential numbers who would be affected by the proposed changes or new policy by identifying the impact on those with protected characteristics; and • ensuring supporting activity such as surveys, focus groups and information campaigns includes sufficient information to enable service users to clearly understand the impact of proposed changes on them. <p>R6 Improve the management and impact of the Intermediate Care Fund by:</p> <ul style="list-style-type: none"> • setting a performance baseline at the start of projects to be able to judge the impact of these over time; • agreeing the format and coverage of monitoring reports to enable funded projects to be evaluated on a like-for-like basis against the criteria for the fund, to judge which are having the greatest positive impact and how many schemes have been mainstreamed into core funding; and • improving engagement with the full range of partners to ensure as wide a range of partners are encouraged to participate in future initiatives and programmes.

Date of report	Title of review	Recommendation
December 2015	Delivering with less – Leisure Services	<p>R1 Improve strategic planning in leisure services by:</p> <ul style="list-style-type: none"> • setting an agreed Council vision for leisure services; • agreeing priorities for leisure services; • focusing on the Council’s position within the wider community sport and leisure provision within the area; and • considering the potential to deliver services on a regional basis.
		<p>R2 Undertake an options appraisal to identify the most appropriate delivery model based on the Council’s agreed vision and priorities for leisure services which considers:</p> <ul style="list-style-type: none"> • the availability of capital and revenue financing in the next three-to-five years; • options to improve the commercial focus of leisure services; • opportunities to improve income generation and reduce Council ‘subsidy’; • a cost-benefit analysis of all the options available to deliver leisure services in the future; • the contribution of leisure services to the Council’s wider public health role; • better engagement with the public to ensure the views and needs of users and potential users are clearly identified; • the impact of different options on groups with protected characteristics under the public sector equality duty; and • the sustainability of service provision in the future.
		<p>R3 Ensure effective management of performance of leisure services by establishing a suite of measures to allow officers, members and citizens to judge inputs, outputs and impact. This should cover Council-wide and facility specific performance and include:</p> <ul style="list-style-type: none"> • capital and revenue expenditure; • income; • Council ‘subsidy’; • quality of facilities and the service provided; • customer satisfaction; • success of ‘new commercial’ initiatives; • usage data – numbers using services/facilities, time of usage, etc; and • impact of leisure in addressing public health priorities.
		<p>R4 Improve governance, accountability and corporate leadership on leisure services by:</p> <ul style="list-style-type: none"> • regularly reporting performance to scrutiny committee(s); • providing elected members with comprehensive information to facilitate robust decision-making; • benchmarking and comparing performance with others; and • using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.

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