



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2016-17 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 and Andy Bruce under the direction of Huw Rees.

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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.

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Summary report

2016-17 performance audit work

- 1 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including Conwy County Borough Council's (the Council) own mechanisms for review and evaluation. For 2016-17, we undertook improvement assessment work at all councils under three themes: governance, use of resources, and improvement planning and reporting. At some councils, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2016-17.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in [Exhibit 1](#).

The Council is meeting its statutory requirements in relation to continuous improvement

- 3 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 Local Government Measure (2009) during 2017-18.

Recommendations and proposals for improvement

- 4 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.
- 5 During the course of the year, the Auditor General did not make any formal recommendations. However, a number of proposals for improvement have been made and these are repeated in this report. We will monitor progress against them and relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

Audit, regulatory and inspection work reported during 2016-17

Exhibit 1: audit, regulatory and inspection work reported during 2016-17

Issue date	Brief description	Conclusions	Proposals for improvement
Governance			
May 2017	<p>Good governance when determining service changes</p> <p>Review of the Council's governance arrangements for determining service changes.</p>	<p>The Council has sound governance arrangements for determining significant service changes but the consistency of equality impact assessments varies and there is a lack of transparency in the reporting of service change savings.</p> <p>We came to this conclusion because:</p> <ul style="list-style-type: none"> • the Council has a clear strategic framework for planning and implementing service changes; • the Council's 'Team Conwy' approach sets out a clear and well understood approach for service change governance arrangements; • councillors robustly challenge business cases and options appraisals for service change; • Conwy's stakeholder engagement is comprehensive but the consistency of equality impact assessments varies; • the Council's monitoring arrangements to assess the impact of service changes are effective but there is a lack of transparency in the reporting of service change savings; and • the Council proactively reviews and improves the effectiveness of its decision-making arrangements. 	<p>Strengthen governance arrangements by:</p> <p>P1 The Council's governance arrangements could be strengthened by ensuring that Equality Impact Assessments are produced consistently.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
December 2016	<p>Annual audit letter 2015-16 Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in Appendix 2 of this report.</p>	<ul style="list-style-type: none"> the Council complied with its responsibilities relating to financial reporting and use of resources; the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2016-17 accounts or key financial systems. 	None
March 2017	<p>Savings planning Review of the Council's financial savings arrangements, including how well it is delivering the required savings and whether it has robust approaches to plan, manage and deliver budget savings, at a pace that supports financial resilience.</p>	<p>The lack of transparent monitoring and reporting of the delivery of savings plans means that the Council's arrangements may not fully support future financial resilience.</p> <p>We came to this conclusion because:</p> <p>Savings achievement 2015-16</p> <ul style="list-style-type: none"> the Council has reported achievement of all of its planned 2015-16 savings, but is unable to demonstrate that individual savings have been delivered. <p>Financial planning arrangements</p> <ul style="list-style-type: none"> the Council has a generally sound financial planning framework but its current use of reserves is unsustainable. <p>Savings Plan 2016-17</p> <ul style="list-style-type: none"> the Council has well considered and detailed savings plans in place but where planned savings have not been achieved, mitigating actions lack transparency and accountability. 	<p>P1 Strengthen financial planning arrangements by:</p> <ul style="list-style-type: none"> include progress against planned savings in budget monitoring reports; and developing an Income Generation/ Charging Policy.

Issue date	Brief description	Conclusions	Proposals for improvement
June 2016	<p>Wales Audit Office annual improvement plan audit Review of the Council's published plans for delivering on improvement objectives.</p>	The Council has complied with its statutory improvement planning duties.	None
November 2016	<p>Wales Audit Office annual assessment of performance audit Review of the Council's annual published performance assessment.</p>	The Council has complied with its statutory improvement reporting duties.	None
Reviews by inspection and regulation bodies			
June 2016	<p>Care and Social Services Inspectorate Wales (CSSIW) National inspection of care and support for people with learning disabilities</p>	<p>The report can be accessed via this link: National inspection of care and support for people with learning disabilities</p> <p>Summary of Findings</p> <p>1. The Council is concluding an ambitious 'transformation programme' designed to modernise its approach to social services and create a lifespan service for people with disabilities. This programme has at its heart a focus on improving the quality of care and support for people and, by building a seamless service across age groups, aspires to support early intervention and prevention. In practice, changes to organisational structures in support of this transformation have consumed much time and energy and more needs to be done to realise the vision for care and support for people with learning disabilities.</p>	<p>Recommendations:</p> <ol style="list-style-type: none"> 1. The local authority should use its evident skills in engaging with people and carers to involve them in a conversation about the shape of future service models. 2. A commissioning strategy for care and support for people with learning disabilities should be developed in partnership with health colleagues, based on a wide-ranging analysis of need and focused on collaborative and innovative solutions.

Issue date	Brief description	Conclusions	Proposals for improvement
		<p>2. A commissioning strategy developed in 2009-10 set out to provide an indication of service need and development in Conwy over the following ten years. This strategy contained a joint statement of purpose with Denbighshire County Council and the then Local Health Board. It also includes a reasonable overview of demographic factors and the pattern of service provision at the time. The resulting action plan, however, has not resulted in a coordinated and systematic approach to understanding need, shaping the market and developing preventative services. There are significant examples of good and excellent work, including the development and implementation of an accommodation strategy for people with learning disabilities and the impressive partnership work with people and carers through 'Conwy Connect'. The Council also reached out to people with learning disabilities to inform the development of the transformation programme. This now needs to be backed up by a renewed emphasis on needs analysis, service mapping and the development of a new commissioning strategy with specific, measurable and timed objectives.</p>	<p>3. The local authority should review its approach to assessment, planning and review to ensure that people with learning disabilities, at the point of service delivery, receive help that is focussed on development and growth as well as dignity and respect.</p> <p>4. The local authority should monitor closely the success of the arrangements for the leadership and governance of DoLS and Adult Protection. In relation to the former a written action plan for the management of the waiting list for authorisations, including the use of a prioritisation tool, should be drawn up as soon as possible.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
		<p>3. People with learning disabilities who spoke to inspectors were generally positive about their experience of care and support. Similarly, the staff supporting them (including those who work for the independent or third sector) were largely positive about working with or for the Council. The Council's work with Conwy Connect and its genuine support for advocacy provide strong evidence for its commitment to hearing the voice of people and their carers. Inspectors found that people working in the service aspired to a person centred approach – including recognition of the importance of the Welsh language – and tried hard to treat people with dignity and respect. Day services provided a wide range of opportunities for people and described a flexible approach to the way help is delivered. There is considerable good multi-disciplinary work with health partners at the front line.</p>	

Issue date	Brief description	Conclusions	Proposals for improvement
		<p>4. There is a pressing need, however, to build on this valued based approach and deliver a service that is focussed on active support, development and enablement for people, including those people who are most profoundly disabled and present highly significant challenges to those who arrange and deliver care and support. This is the way to achieve a better focus on outcomes for individuals. It is also the way to realise the Council's strategic aims for early intervention and prevention. To do this the Council will need to make significant improvements to the way it delivers the essential disciplines of assessment, planning and review. While the case sample examined by inspectors was small, it provided evidence of a routine approach to assessment, planning and review in which there was insufficient emphasis on service delivery plans focussed on outcomes. There appeared to be little, recent, overt quality assurance of case files. Those people in 'stable' and safe placements – including the more profoundly disabled people who are less likely to be represented through Conwy Connect – were not receiving the attention from the Council that their needs merited. Similarly, some carers were dissatisfied with the response to their requests for advice and support – particularly when they are passed from one member of staff to another. Overall, inspectors concluded that the Council cannot be confident that people are consistently getting the help they need in the right place and at the right time. Neither can it be sure that it is achieving value for money from the care and support that it commissions.</p>	

Issue date	Brief description	Conclusions	Proposals for improvement
		<p>5. Care managers generally focus on individual need and inspectors did see examples of good practice with individuals. The Council needs to do more to identify these, promote them and incorporate the learning in its revamped approach to quality assurance. It should also keep its arrangements for managing applications for Deprivations of Liberty Safeguards (DoLS) and Adult Protection referrals under close review and consider whether the relevant leadership and governance arrangements for both in the new structure are delivering the intended outcomes.</p> <p>6. Managers and staff have shown excellent leadership skills in the development and support of Conwy Connect. This organisation has a broad reach, with a mailing list well beyond the people who regularly turn up for meetings and other events. It is used to encourage people to express views, get involved and contribute to the planning and even the delivery of care and support. Similarly, providers were generally appreciative of the authority's willingness to work in partnership with them and cited as evidence its readiness to delay filling vacancies until confident of the right fit for the new tenant or resident. This is positive, but needs to be coupled with a determined effort to focus on outcomes and value for money once an individual has been placed in a 'stable' placement.</p>	

Issue date	Brief description	Conclusions	Proposals for improvement
		<p>7. The good work between health and social services at the front line is not replicated by effective joint planning at a more senior level. Senior officers of the Council noted the absence of a senior health official responsible for learning disability services for the last four years. This has made strategic planning very difficult. Regional learning disability partnership members have very recently produced a draft paper, Going Forward Together, drafted on their behalf by an operational manager from the health board. This sets out shared aspirations, but is not supported by a joint needs analysis, commissioning model, pooled budget arrangements or integrated service delivery. While there was a plan for the next steps with this document, there appeared little confidence in the prospects of signing it off as a final draft, let alone with implementing it. All the partners in the region, including Ministers and officials in Welsh Government, will have a part to play in supporting and encouraging health colleagues to achieve the partnership with the local authority that is so crucial to providing even better care and support for people with learning disabilities.</p>	

Appendix 1

Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the annual improvement report. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. 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.

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

Reference DO16-013

Date 5 December 2016

Pages 1 of 3

Councillor Dilwyn Roberts – Leader Iwan Davies – Chief Executive
Conwy County Borough Council
Bodlondeb
Conwy
LL32 8DU

Dear Councillor Roberts and Mr Davies

Annual Audit Letter Conwy County Borough Council 2015-16

This letter summarises the key messages arising from my 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.

I issued an unqualified audit opinion on the financial statements confirming they present a true and fair view of the Council's financial position and transactions on 30 September 2016. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit and Governance Committee in my Audit of Financial Statements report on the 26 September 2016.

I was unable to issue a certificate confirming that the audit of the accounts has been completed as a result of outstanding questions from a member of the public. The certificate will be issued once my consideration of these matters is concluded.

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 under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

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

My ongoing work on the certification of grants claims and returns has not identified any significant issues to date in relation to the accounts or the Council's key financial systems. A more detailed report on my grant certification work will follow in the spring 2017 once this year's programme of certification work is complete.

The financial audit fee for 2015-16 is currently expected to be in line with the agreed fee set out in the Annual Audit Plan.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'D Owen', is positioned above the printed name.

Derwyn Owen

Engagement Director

For and on behalf of the Auditor General for Wales

Appendix 3

National report recommendations 2016-17

Exhibit 2: national report recommendations 2016-17

Date of report	Title of review	Recommendation
August 2016	<u>Financial Resilience of Local Authorities in Wales 2015-16</u>	<p>In our report of 2014-15 (The Financial Resilience of Councils in Wales, April 2015) we made a number of recommendations for local authorities. Many of these recommendations remained relevant and required further work from authorities to address them during 2016-17. In addition, we also made the following recommendations based on our more recent review:</p> <p>R1 Local authorities should strengthen their financial-planning arrangements by:</p> <ul style="list-style-type: none"> • developing more explicit links between the Medium Term Financial Plan (MTFP) and its corporate priorities and service plans; • aligning other key strategies such as workforce and asset management plans with the MTFP; • developing comprehensive multi-year fully costed savings plans which underpin and cover the period of the MTFP, not just the forthcoming annual budget; • categorising savings proposals so that the shift from traditional-type savings to transformational savings can be monitored over the period of the MTFP; and • ensuring timescales for the delivery of specific savings proposals are realistic and accountability for delivery is properly assigned. <p>R2 Local authorities should develop corporate income generation and charging policies.</p> <p>R3 Local authorities should ensure that they have a comprehensive reserves strategy, which outlines the specific purpose of accumulated useable reserves and the impact and use of these in the MTFP.</p> <p>R4 Local authorities should develop key performance indicators to monitor the MTFP.</p> <p>R5 Local authorities should ensure that savings plans are sufficiently detailed to ensure that members are clear as to what the plans are intended to deliver and that the delivery of those plans can be scrutinised appropriately throughout the year.</p> <p>R6 Local authorities should ensure that corporate capacity and capability are at a level that can effectively support the delivery of savings plans in the MTFP at the pace required.</p>

Date of report	Title of review	Recommendation
October 2016	<u>Community Safety in Wales</u>	<p>The seven recommendations within this report required individual and collective action from a range of stakeholders – the Welsh Government, Home Office Wales Team, police and crime commissioners, public service board members and local authorities:</p> <p>R1 Improve strategic planning to better coordinate activity for community safety by replacing the existing planning framework with a national strategy supported by regional and local plans that are focused on delivering the agreed national community-safety priorities.</p> <p>R2 Improve strategic partnership working by formally creating effective community-safety boards that replace existing community-safety structures that formalise and draw together the work of the Welsh Government, police forces, local authorities, health boards, fire and rescue authorities, WACSO and other key stakeholders.</p> <p>R3 Improve planning through the creation of comprehensive action plans that cover the work of all partners and clearly identify the regional and local contribution in meeting the national priorities for community safety.</p> <p>R4 Review current grant-funding arrangements and move to pooled budgets with longer-term funding commitments to support delivery bodies to improve project and workforce planning that focuses on delivering the priorities of the national community-safety strategy.</p> <p>R5 Ensure effective management of performance of community safety by:</p> <ul style="list-style-type: none"> • setting appropriate measures at each level to enable members, officers and the public to judge progress in delivering actions for community-safety services; • ensuring performance information covers the work of all relevant agencies; and • establishing measures to judge inputs, outputs and impact to be able to understand the effect of investment decisions and support oversight and scrutiny. <p>R6 Revise the systems for managing community-safety risks and introduce monitoring and review arrangements that focus on assuring the public that money spent on community safety is resulting in better outcomes for people in Wales.</p> <p>R7 Improve engagement and communication with citizens through public service boards in:</p> <ul style="list-style-type: none"> • developing plans and priorities for community safety; • agreeing priorities for action; and • reporting performance and evaluating impact.

Date of report	Title of review	Recommendation
November 2016	<u>Charging for Services and Generating Income by Local Authorities</u>	<p>This report made eight recommendations, of which six required action from local authorities. Recommendations R4 and R6 required action from the Welsh Government and Welsh Local Government Association:</p> <p>R1 Develop strategic frameworks for introducing and reviewing charges, linking them firmly with the Medium Term Financial Plan and the Corporate Plan.</p> <p>R2 Review the unit and total costs of providing discretionary services to clearly identify any deficits and, where needed, set targets to improve the current operating position.</p> <p>R3 Use the impact assessment checklist whenever changes to charges are considered.</p> <p>R5 Identify opportunities to procure private sector companies to collect charges to improve efficiency and economy in collecting income.</p> <p>R7 Improve management of performance, governance and accountability by:</p> <ul style="list-style-type: none"> • regularly reporting any changes to charges to scrutiny committee(s); • improving monitoring to better understand the impact of changes to fees and charges on demand, and the achievement of objectives; • benchmarking and comparing performance with others more rigorously; and • providing elected members with more comprehensive information to facilitate robust decision making. <p>R8 Improve the forecasting of income from charges through the use of scenario planning and sensitivity analysis.</p>

Date of report	Title of review	Recommendation
January 2017	Local Authority Funding of Third Sector Services	<p>This report made three recommendations, of which two required action from local authorities. Recommendation R3 required action from the Welsh Government:</p> <p>R1 To get the best from funding decisions, local authorities and third sector bodies need to ensure they have the right arrangements and systems in place to support their work with the third sector. To assist local authorities and third sector bodies in developing their working practices, we recommend that local authority and third sector officers use the Checklist for local authorities effectively engaging and working with the third sector to:</p> <ul style="list-style-type: none"> • self-evaluate current third sector engagement, management, performance and practice; • identify where improvements in joint working is required; and • jointly draft and implement an action plan to address the gaps and weaknesses identified through the self-evaluation. <p>R2 Poor performance management arrangements are weakening accountability and limiting effective scrutiny of third sector activity and performance. To strengthen oversight of the third sector, we recommend that elected members scrutinise the review checklist completed by officers, and regularly challenge performance by officers and the local authority in addressing gaps and weaknesses.</p>

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