



WALES **AUDIT** OFFICE  
SWYDDFA **ARCHWILIO** CYMRU

# Annual Improvement Report

## **Gwynedd Council**

January 2011



## Annual Improvement Report by the Auditor General for Wales

This report is written by the Wales Audit Office on behalf of the Auditor General for Wales. (An explanation of what the Auditor General does is at Appendix 1). It is a new report that he is required to publish about how well Welsh councils are improving their services. With help from other inspectors like Estyn (for education) and the Care and Social Services Inspectorate for Wales, we have brought together a picture of what the council is trying to achieve; how it is going about it; and what it needs to do to improve its approach to improving services.

This Annual Improvement Report sets out that picture and each year we will produce a report to let you know what progress Gwynedd Council (the Council) has made. We have not covered all the services the Council provides. We have focused on a small number of things, especially those things that the Council has said are its priorities for improvement.

We want to find out what you think of the services the Council is providing in your area and will be giving you an opportunity to comment in the future. In the meantime we would like to know whether this report gives you the information you need, and whether it is easy to understand. You can let us know your views by emailing us at [info@wao.gov.uk](mailto:info@wao.gov.uk) or writing to us at 24, Cathedral Road, Cardiff CF11 9LJ.

The Wales Audit Office study team that assisted in preparing this report comprised Huw Lloyd Jones and John Roberts under the direction of Alan Morris.

This report has been prepared by the Wales Audit Office on behalf of the Auditor General for Wales as required by the Local Government (Wales) Measure 2009. The Auditor General for Wales assesses the compliance of Welsh improvement authorities (county councils, county borough councils, national park authorities and fire and rescue authorities) with the improvement requirements of Part 1 of the Local Government (Wales) Measure 2009.

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# What kind of area is Gwynedd?

- 1 Gwynedd covers an area of more than 2,500 square kilometres, the second largest in area of all 22 local authorities in Wales. It stretches from the city of Bangor in the north to Aberdaron at the south-western tip of the Llŷn Peninsula, a journey of some 65 kilometres by road, and to Aberdyfi in the south, which is about 135 kilometres from Bangor. The journey from Bangor to Aberdyfi takes about two-and-a-half hours.
- 2 Much of Gwynedd is mountainous; about two-thirds of the county lies within the Snowdonia National Park. However, Gwynedd also possesses over 300 kilometres of varied coastline. While the heritage of the slate industry remains in towns such as Bethesda, Penygroes and Blaenau Ffestiniog, tourism now makes a much more significant contribution to the local economy than industry.
- 3 Based on the latest estimate (2009), the population of Gwynedd is about 119,000. While the population density in Arfon in the north is similar to the Welsh average, the rural Meirionnydd in the south is very sparsely populated. Overall, Gwynedd has the third lowest population density of all Welsh local authorities. The proportion of children (aged 0 to 16) within the population is a little lower than the average for Wales, while the proportion of people aged 65 or over is above the average. Over 70 per cent of the Gwynedd population is able to speak Welsh, a higher proportion than in any other local authority in Wales.
- 4 In 2008, the employment rate in Gwynedd was 71.1 per cent, and has been above the average for Wales since 2002. However, average weekly earnings are below average; in 2009, average earnings were £461 per week, fifth lowest among Welsh local authorities. There are pockets of social and economic deprivation but the proportion of children living in workless households is lower than the average for Wales.

geographic area  
2,500 km<sup>2</sup>  
//////////

population  
119,000  
//////////

welsh speakers  
70%  
//////////

# Is Gwynedd Council well-managed?

- 5 Managing such a large organisation with its diverse range of services is very complex. In September 2010 the Auditor General produced a report that gives quite a lot of detail on how Gwynedd Council (the Council) is organised and managed. The things we told the Council are set out in [Appendix 3](#). If you want to read the whole Corporate Assessment Report you can find it on the Council website or on the Wales Audit Office's website at [www.wao.gov.uk](http://www.wao.gov.uk).
- 6 The overall conclusion of that report was that the Council's leadership is addressing the need for change, but some key building blocks are not yet well enough embedded to assure continuous improvement.
- 7 In other words, the Council has recognised that it needs to change the way in which it manages some of its services and has put plans in place to do so. The Council has already taken significant steps forward in areas such as school reorganisation and the transfer of its housing stock. We also found that the Council is taking a critical look at many of its own arrangements, as well as responding to reports issued by the Wales Audit Office and other inspectorates. In doing so, the pace of change has increased, but it is too early to say whether some of the Council's plans will have the desired impact.
- 8 The successful introduction of programme management, in particular, could help the Council to tackle a number of areas that have proved difficult in the past. The Council has established six Programme Boards, each comprising relevant heads of service and councillors representing the Council's Board. The Chief Executive and the three Corporate Directors act as Programme Leaders for each Programme Board, chairing meetings and being accountable for progress. The six Programme Boards are:
- Transforming the Council;
  - Economy and Regeneration;
  - Environment and Infrastructure;
  - Children and Young People;
  - Value for Money; and
  - Vulnerable People.
- 9 The remit of the Programme Boards includes almost all the priorities from the Council's three-year Corporate Plan, which is now in its final year. However, a key task for each Programme Board is to establish a 'blueprint' that will clearly define its work going forward into the next three-year plan, starting in 2011.
- 10 The programme boards have the potential, therefore, to help the Council to define more clearly than in the past, the outcomes it wants to achieve for its citizens. The greater use of project management should help to co-ordinate more effectively than before the way in which different services work together to deliver project objectives. The Council plans to review the progress of its programme management arrangements early in 2011.
- 11 We also reported in the Corporate Assessment that the limited reliability of aspects of performance and management information, mainly within social services, has been a significant barrier to the effective monitoring of service quality and the design of future service delivery in recent years. Though it was not used in the collation of the 2009-10 performance indicators, the introduction of Ffynnon performance management software offers further potential improvement in future.

- 12 Robust budget management and sound financial stewardship underpin the Council's use of financial resources. The Council has a history of maintaining prudent levels of financial reserves. The Council was among the first in Wales to plan in detail its response to the anticipated reduction in revenue support grant. Members have agreed a range of measures comprising efficiency savings, further collaborative working, increased income targets and some service cuts to deliver the first stages of a three-year budget reduction strategy that aims to deliver savings of £15.7 million.
- 13 Since we produced the Corporate Assessment, the pressure has grown on all public services to make the very best use of all their resources. Due to the financial climate, almost all public services face reductions in funding. Revenue funding is the money that Councils spend running and managing their services. Gwynedd Council will see a reduction of around £2.4 million (1.4 per cent) in the revenue funding it gets from the Assembly Government for 2011-12. Once inflation is factored in, that means a real terms<sup>1</sup> cut of around £6.1 million (3.6 per cent). Indicative Assembly Government figures show further real terms reductions in the Council's revenue funding for 2012-13 and 2013-14.
- 14 Capital funding is the money that Councils spend on infrastructure, for example new buildings and new equipment. The total sum of general capital available to councils will fall by 14 per cent in 2011-12 (a real terms cut of 18.5 per cent). The general capital funding available to the Council is therefore set to reduce considerably. However, the Council has succeeded in attracting a range of specific capital grants. As a result, it forecasts capital expenditure in 2010-11 of £39.2 million, only slightly less than the total for 2009-10. There are no official figures for local government capital spending beyond 2011-12 but it is likely to be in line with a general reduction in the Assembly Government's capital spending, which will be cut by around 34 per cent (around 40 per cent in real terms) between 2010-11 and 2013-14.
- 15 The Council has begun to implement its savings strategy and to monitor progress carefully. The latest monitoring report, presented to the Principal Scrutiny Committee in September 2010, shows that the Council is well placed to make almost all of the £4.1 million savings planned for 2010-11.
- 16 Nevertheless, the Council's revenue budget for 2010-11 was, at £217.2 million, a little higher than it had expected because of cost pressures in social services and education. Monitoring reports show that there is some risk that plans to make further savings of £11.6 million over the next two years may not be achieved in full. The Council's developing programme management arrangements help to mitigate this risk, but the Council continues to face significant financial pressure in the future.
- 17 The auditor appointed by the Auditor General has given his opinion on the Council's accounts and those of the Pension Fund. He reported that the Council complied with financial and performance improvement reporting requirements but is facing significant financial pressure in the future. The appointed auditor's annual letter, which provides information regarding the accounts, use of resources and the Council's Improvement Plan, is included in this report as [Appendix 4](#).
- 18 There is more information about people's rights in relation to council accounts in the Wales Audit Office leaflet, Council accounts: your rights, which you can find on our website at [www.wao.gov.uk](http://www.wao.gov.uk).

<sup>1</sup> Real terms means the effect of inflation is taken into account. There are lots of different measures of inflation. The figures used for public sector budgets come from the Treasury's GDP deflator series.

# Does Gwynedd Council know what it needs to do to get better?

- 19 The Assembly Government requires all councils to publish their plans for improving their services. They must also publish a list of the main things they are aiming to improve each year – their Improvement Objectives. For 2010-11 the Council has decided to concentrate on six objectives, with each objective relating to one of the six Programme Boards. The Council has summarised its six objectives as set out in [Exhibit 1](#). We have included the full text in [Appendix 5](#).
- 20 These Improvement Objectives cover almost all of the Council's existing priorities, as set out in the most recent revision of its three-year Corporate Plan that covers 2008 to 2011. The Council reviews this plan each year to make sure that its priorities remain relevant and affordable. The Council approved the second review of its Corporate Plan on 13 May 2010. The introduction to each section summarises the Council's aims, and these summaries form the Improvement Objectives.

## Exhibit 1: Improvement Objectives 2010-2011

**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.

**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.

**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.

**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.

**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.

**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.

- 21 The Council must publish its Improvement Objectives for the year as soon as practical after the beginning of April. The Council published its Improvement Objectives on its website soon after the Corporate Plan was approved. The Council's timescale for publishing its Improvement Objectives in 2010 therefore met the requirements of the Local Government Measure.
- 22 The Council is rightly proud of its ability to deliver all of its services in both Welsh and English. However, we note that the English version of the Corporate Plan approved by the Council and subsequently published on its website omits most of the summary sections - the Improvement Objectives - that are in the Welsh version. Councillors using the English versions of the papers prepared for the 13 May meeting therefore had no opportunity to see the Improvement Objectives before they were published separately on the Council's website. We accept that this error is not typical but it underlines the importance of strict quality control to make sure that councillors and the public have access to the same content and the same quality of information, irrespective of the language in which they choose to access it.
- 23 The Council's website provides only one way for citizens and stakeholders to learn about the Improvement Objectives and the Council's plans. We think that the Council should, in future,

consider ways of increasing public interest in its annual Improvement Objectives by using media such as its quarterly newsletter, 'Newyddion Gwynedd' or a local newspaper as well as its website.

- 24 We also examined how well the Council involved local people and those that work with and for it, in deciding what it should make a priority. While there has been no widespread engagement in producing this year's Improvement Objectives, the original three-year plan is closely linked to the Community Strategy, 'Gwynedd Together. In producing 'Gwynedd Together', the Council and its partners conducted a well-researched and inclusive exercise in order to find out how people's vision for Gwynedd in 2021. This exercise lies at the heart of the Corporate Plan and is therefore the basis of the Council's Improvement Objectives. The Improvement Objectives therefore reflect the areas that citizens said were important, as well as more recent pressures such as the need to manage with fewer resources.
- 25 To ensure that the Council's improvement plans are sufficiently focused, we examined whether the Council is clear about how people will be better off if it improves in the ways that it intends to. Under each of its Improvement Objectives, the Council has set out between three and six further objectives, as shown in [Appendix 5](#). As, an example, we have set out this further detail for one of the Improvement Objectives in [Exhibit 2](#).

### Exhibit 2: Improvement Objective

**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.

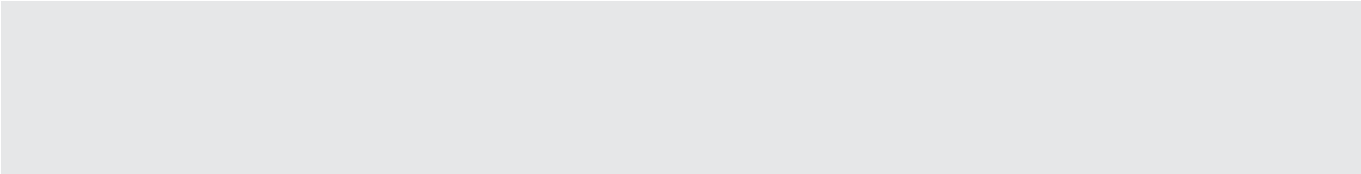
The Council will address the main issues in an attempt to:

- 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.

- 26 While this additional detail provides more information about what the Council plans to do, we found that the Council has not expressed its Improvement Objectives in a way that is specific enough. Neither the Council nor its citizens will be able to tell with any certainty at the end of the year whether or not the Improvement Objectives have been delivered.
- 27 We identified in the Corporate Assessment and in previous Annual Letters that the Council should define with greater clarity the improvement outcomes that it intends to achieve. The introduction of Programme Boards is beginning to establish and clarify the direction the Council will take over the next three years, starting in April 2011. That work remains in progress. In the meantime, however, the Improvement Objectives set for 2010-11 are not clear enough in setting out the improvements that citizens should expect or robust enough in terms of how well 'success' in each objective is defined.



- 28 We also assessed the Council's arrangements for planning and resourcing improvements. As we explained above, the Council's Improvement Objectives are drawn from its three-year Corporate Plan which runs until 31 March 2011. Business plans underpin the Corporate Plan, setting out each service's contribution to delivering the Corporate Plan. In keeping with the introduction of programme management, the Council is making increasing use of project management to draw together the work of different services in those areas such as regeneration that demand a co-ordinated approach.
- 29 These developments are promising, but the Council's planning remains in a state of transition. The six Programme Boards have contributed to the monitoring of the revised Corporate Plan for 2010-11 but their main purpose is to shape and then monitor the implementation of the next Corporate Plan spanning 2011-2014. In the meantime, the Council is conducting a number of internal reviews, some of which include external challenge, that will influence the way forward.
- 30 The reduction in the revenue resources available to the Council has understandably influenced its revised Corporate Plan. The Plan gives more prominence than before to the economy and regeneration, and also to the need for the Council itself to change some the ways in which it delivers services in response to the reduction in resources. The revised Plan also places a stronger emphasis than before on the need to improve the extent to which the Council engages with its citizens. Since we completed our Corporate Assessment, a peer review team has looked at the way the Council engages with the public and has made a number of helpful recommendations.
- 31 We reported earlier that the Council has made detailed and well-considered plans to find the savings necessary in the light of the reduction in the revenue funding available. The recent decision to explore a significant increase in the level of collaboration between the Council and neighbouring Isle of Anglesey County Council offers the potential for further cost reduction and increased service resilience.
- 32 Every Council needs to have good information and use it well if it is to provide good services and make them even better. We reported in the Corporate Assessment that the limited reliability of aspects of performance and management information had been a significant barrier in recent years, especially in social services. The Appointed Auditor reported in his Annual Audit Letter for 2009-10 that, whilst the Council has taken steps to improve the quality of its performance data, additional work is still needed to ensure that it is robust across all Council departments. A number of national performance indicators relating to Social Services were once again qualified in 2009-10.
- 33 As part of its existing performance management arrangements, the Council has established a 'balanced scorecard' of 37 measures and indicators. It has set these out in its revised Corporate Plan, along with targets for 2010-11. Though some of these indicators are useful, they are not linked to specific Improvement Objectives. Overall, the balanced scorecard does not provide a comprehensive picture of how well the Council is performing in relation to each of its stated aims.

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- 34 The balanced scorecard of 37 indicators for 2010-11 and published in the Corporate Plan differs slightly from the set of 39 indicators published a year earlier. Three indicators from the 2009-10 plan are no longer included while one new indicator has been added. These changes may be appropriate, but the Corporate Plan includes no text to account for the changes. This makes it more difficult for councillors and members of the public to keep track of the Council's priorities and progress.
- 35 The Corporate Plan, published in May 2010, and the Improvement Plan, published in October 2010, both include targets for those indicators that are in the 2010-11 balanced scorecard. However, the targets in the two documents differ in some cases. The differences occur mostly in indicators relating to social services and housing. As noted above, there may be good reasons for modifying targets between May and October, but there is no reference to any change in the October plan. This again provides a source of potential confusion for those trying to understand and reach conclusions about the Council's performance.
- 36 In addition to the balanced scorecard, each service has identified a further set of indicators to support the monitoring and management of performance at service level. Services report their performance in relation to these indicators to scrutiny committees twice a year, but it remains the case that councillors find it difficult to use these reports productively.
- 37 The Council's Corporate Plan for 2010-11 includes a number of actions that, if successful, will improve its efficiency and effectiveness in using performance data. These actions include extending the use of the Ffynnon performance management system to all services.

# Is Gwynedd Council serving people well?

- 38 Through the Auditor General's Improvement Assessment we hope to gradually build a picture of how well the Council is serving local people. Each year we will examine the Council's services and its progress against some of its Improvement Objectives in relation to three important aspects of life in the county and which cover most of the services that councils provide for citizens. They are:
- helping to support people in need;
  - helping people develop; and
  - helping to create a safe, prosperous and pleasant place to live.
- 39 In this year's assessment we have looked in most detail at how the Council is doing so far in relation to one of its objectives for each of these three aspects. We chose these objectives because together they span several key areas of the Council's responsibilities. Overall, if the Council has chosen to make things a priority, then it should be able to measure them in terms of how they affect local people. We will look in more detail at other Improvement Objectives the Council has set itself in our report next year.
- 40 The objectives we have chosen to examine in most detail this year are:
- **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.
  - **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.
  - **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.
- 41 In addition, we have considered the views of the Welsh Language Board (the Board) on the Council's progress in delivering services to the public in Welsh. The Board works with councils to help them develop their statutory Welsh Language Schemes that outline the way in which they provide services to the public in Welsh. The primary responsibility for the range and standard of services rests with the authorities which provide them, working in accordance with the statutory framework and guidelines of the Board. Every council is expected to provide the Board with an annual monitoring report that explains how its scheme has been implemented. This report allows the Board to offer advice as to how a council might improve its local arrangements. The Board also undertakes its own reviews to assess the provision of Welsh language services and to promote improvement.
- 42 The Board has praised the Council for its ability to provide a fully bilingual service to the public in all service areas. The Welsh Language Sub-committee provides effective scrutiny of the implementation of the Welsh Language Scheme and ensures that language matters are tied in with the development of services. The Board has found that the Council complies fully with its Welsh Language Scheme in the provision of its website and electoral documentation. It takes a proactive approach to addressing difficult areas, such as the joint provision of services with neighbouring councils and the procurement of social care services by external contractors. The Board also praised the Council for its work in promoting the language in the community through its Community Strategy and its core services.

## Is Gwynedd Council supporting people in need?

- 43 Councils are responsible for providing a number of services that support vulnerable people. The largest of these services is the provision of social care for vulnerable children and adults and practical help to enable people with disabilities to live independently.
- 44 We reported in the Corporate Assessment that the Council has been addressing systematically the issues raised in a highly critical Joint Review of its social services, published in 2008. This work is now the main focus of the Vulnerable People Programme Board.
- 45 The role of the Care and Social Services Inspectorate in Wales (CSSIW) is to make professional assessments and judgments about social care, early years and social services and so encourage improvement by the service providers. It works on behalf of Welsh Ministers, but there are a number of safeguards in place to ensure its independence. Under new legislation there is a new framework in place for local authority social services inspection, evaluation and review.
- 46 Directors of social services are required to produce an annual self-assessment report on how well services are being delivered. The CSSIW will then undertake a review and analysis of evidence underpinning the report, including evidence from other regulators and inspectors. This analysis will result in an individual inspection and review plan for each council. The CSSIW's analysis, and the inspection and review plan, will be set out annually in a published letter.
- 47 2009-10 is the first full year of the new framework with the purpose being to establish a baseline of current performance. The key messages of the letter issued in December 2010 are summarised below.
- 48 The Council has changed the way it provides adult services by setting up multidisciplinary teams that are locally based. These teams include GPs, staff from the Betsi Cadwaladr University Health Board and the voluntary sector. The number of people that the Council supports at home is among the highest in Wales and there is an increasing range of community-based services in development to support and maintain peoples' independence. There is strong evidence to demonstrate the Council's ongoing engagement with local citizens; recently 3,000 adult service users participated in a consultation exercise about the future provision of health and social care services.
- 49 The Council had identified commissioning and developing services as its main priority for improving services. It is committed to increasing the pace of change in its commissioning activity in order to improve services for older people, people with a learning disability and people with sensory and physical impairments.
- 50 The CSSIW Inspection of Adult Protection in 2010 found there was a good understanding of adult protection policy and procedures and that these are implemented effectively. However, a significant proportion of adult service performance indicators remain unreliable and the quality of recording information for adult protection needs to be improved. The Council's progress in improving its quality assurance arrangements will be subject to future monitoring and review.
- 51 Progress in implementing the mental health crisis resolution and home treatment services has been limited. Further work is required to provide services in the south of the County that offer opportunities for safe and timely discharge from hospital into the community. The Council can also do more to provide people with assistive technology.

- 52 In children's services, aspects of assessment and care management require improvement. The Council has identified that the unusually high number of referrals it received in 2009-10 is a recording issue and is working to address this. In 2009-10, only 55 per cent of the initial child referral assessments were completed within the seven working day timescale. Only 48 per cent of the core assessments were completed within the timescale of 35 working days, with a number exceeding 145 days. In addition, the number of looked after children that receive a timely review of their Care Plan continues to decline, and is now amongst the lowest in Wales.
- 53 The CSSIW Inspection of the Councils Fostering Services in January 2010 found the service to be well run and providing good quality and nurturing care. The service was seen to be well managed with clear leadership and direction. The Council has identified that it is concerned about the availability of short respite provision for disabled children and will be developing plans to meet this service shortfall.
- 54 The Council has maintained its performance in allocating a social worker to all children on the child protection register but performance has deteriorated in the timely convening of initial child protection conferences and subsequent initial core groups following the initial child protection conference.
- 55 Local authorities in Wales took an average of 349 days to deliver a Disabled Facilities Grant in 2009-10. Gwynedd Council took slightly longer than the average, but its performance in 2009-10 improved significantly on the previous year.
- 56 The Council also provides a range of other services that support people in need. It is responsible for administering Housing and Council Tax Benefits and for providing accommodation for those who may find themselves homeless.
- 57 The number of new claims and changes to previous claims for Housing Benefit or Council Tax Benefit increased substantially in 2009-10. However, the Council improved the speed with which it processed these changes during the year. Nevertheless, it took over 12 days to process each new claim or change compared with an average of 10.1 days for Wales as a whole. Despite its good progress, the Council has set a new target of 13 days for 2010-11, a slower rate for processing claims than it achieved in 2009-10.
- 58 The Council prevented 95 per cent of potentially homeless families from becoming homeless in 2009-10. This is a better performance than almost all other councils in Wales. The Council has also made significant progress in reducing the length of time that homeless households spend in bed and breakfast accommodation. Even so, the Council still makes more use of bed and breakfast accommodation than most other councils to house the comparatively small number of homeless families with children. The number of homeless families housed in all forms of temporary accommodation almost doubled in 2009-10. The Council adopted a new and well-informed Homelessness Strategy for 2010 – 2013 in October 2010.
- 59 The Council no longer provides social housing following the transfer of its housing stock to Cartrefi Cymunedol Gwynedd, a not-for-profit housing organisation, in 2010. This organisation is able to access funds that are not available to councils. This transfer should therefore result in tenants seeing faster progress than would otherwise have been the case in improving their homes so that they meet the Welsh Housing Quality Standard.

## Is Gwynedd Council improving its services to vulnerable people?

60 Under the 'supporting people in need' heading, we focused on the Council's Improvement Objective relating to vulnerable people. The Council has identified that the county's population profile is changing, with the proportion of older people increasing while the number of children falls. This, together with the need to modernise aspects of social services identified in the 2008 Joint Review, make this objective particularly relevant to the needs of the community. The objective also clearly addresses several of the criteria for Improvement Objectives that the Assembly Government has set out in its guidance.

61 Even though 'Vulnerable People' is one of the Council's Improvement Objectives for 2010-11, this has been a priority area since the three-year Corporate Plan began in 2008. The Council's own evaluation of progress, set out in its Improvement Plan that looks back at its performance in 2009-10, paints a mixed picture. While it acknowledges that some plans have slipped behind schedule, it concludes that 14 out of 16 of the actions planned for the year had progressed according to plan. However, only four of the seven relevant performance indicators included in the Balanced Scorecard had improved. Though the proportion of young carers known to social services who were assessed increased to 65 per cent, this remains well short of the 100 per cent target and the Wales average of 85 per cent.

62 **Exhibit 3** shows the Council's published Improvement Objective for 2010-11 relating to vulnerable people.

### Exhibit 3

**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.

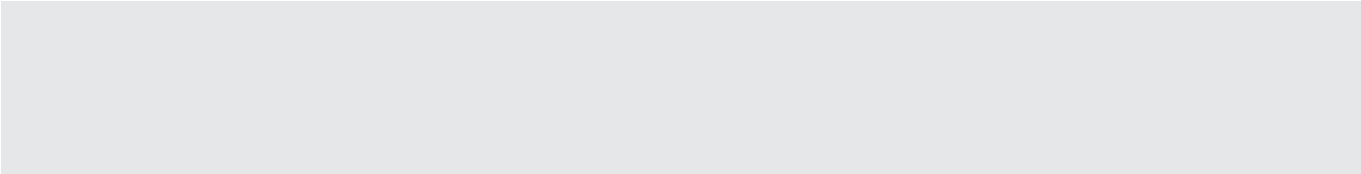
The Council will address the main issues in an attempt to:

- 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.

63 This is a legitimate Improvement Objective that, if tackled effectively, can improve both the effectiveness and the efficiency of the service. To support its Improvement Objective, the Council has set out in its Corporate Plan four main areas of activity, many of which involve significant work in partnership with the health service and other public, private and voluntary sector organisations. These are:

- developing the commissioning of services, particularly in relation to residential care for older people, extra-care housing<sup>2</sup>, services for people with learning disabilities and meeting the needs of carers;
- developing services such as Integrated Family Service Teams;

<sup>2</sup> Extra care housing offers older people independence in a home of their own with other services on hand if they need or want them. It can accommodate people who would otherwise be frequent users of acute services, largely because their former housing is unsuitable for them to look after themselves.

- 
- implementing a workforce strategy, including acting on the implications of the increased use of commissioning; and
  - improving performance management and the use of information within social services.

64 The Corporate Plan also includes, for each of these four areas of activity, a section headed, 'What will this result in?' Some, though not all of the details in this section have the potential to be developed into measures that might enable service users, citizens in general and the Council itself to judge whether or not vulnerable people are better off as a result of the Council's work during 2010-11. For example, the Council has said that there will be an increase in the options available to carers, and that there will be an element of choice for prospective carers when they decide to take on that role. In addition, a small number of the 37 indicators included in the Council's Balanced Scorecard shed some light on performance in this Improvement Objective.

65 Overall, however, the Council has not yet established a clear and robust set of evidence and baseline information that will enable it to judge whether or not it has performed well against this Improvement Objective. The Council is aware of the need to be more specific and we acknowledge that some of the planned improvements relate specifically to this issue. The continuing work of the Vulnerable People Programme Board will play a key role in establishing this greater clarity as the Council sets its Improvement Objectives for 2011-12.

## Is Gwynedd Council helping people to develop?

- 66 As part of their work to develop the local economy and to improve the wellbeing of their citizens, most councils work with partners to try to develop the skills of the local workforce in ways that match the needs of local businesses.
- 67 In line with the Welsh average, the percentage of working age adults with no qualifications has gradually fallen in Gwynedd since 2001 and there are fewer working-age adults without qualifications in the county than the Welsh average. The percentage of working age adults with qualifications at Level 4<sup>3</sup> or above has gradually risen since 2001. By the end of 2009, it was well above the Welsh average and second highest amongst the North Wales council areas.
- 68 Councils are responsible for ensuring that there are enough school places for both Welsh and English-medium education. Councils and their schools share the financial responsibility for making sure that school buildings are in good condition and that their facilities are up to date. Councils are also responsible for monitoring the performance of schools, intervening where necessary to ensure that the standards that pupils achieve are good enough. They also assess and make provision for pupils with special educational needs and provide a range of other functions that support schools.
- 69 Attendance rates in Gwynedd schools are generally higher than the Welsh average. The Council has put in place effective support systems to minimise the numbers of pupils who are excluded from schools, whether permanently or for a fixed period.
- 70 Estyn, Her Majesty's Inspectorate for Education and Training in Wales, looks at how well councils are helping children and young people develop knowledge and skills. They carry out inspections of schools, further education colleges and training organisations as well as making judgements on how well councils support these education providers. Estyn, through its regional teams, analyses performance information, visits schools and has regular meetings with directors of education to come to a view about the role of the Council and about education performance in the area.
- 71 Estyn and the Wales Audit Office inspected the Council's education services for children and young people in November 2009. They found that the Council's support for school improvement was good with outstanding features. The inspection report praised the quality of the Council's support, monitoring, challenge and intervention in schools. The standards achieved by pupils in primary and secondary schools had shown consistent improvement over the three years 2007 to 2009, with performance in 2009 among the top 25 per cent of councils across Wales.
- 72 The trend continued in 2010 when 84.9 per cent of seven-year-old pupils achieved the Core Subject Indicator<sup>4</sup> compared with 81.6 per cent across Wales as a whole. Eleven-year-olds achieved the second highest standards among councils in Wales, with 83.2 per cent of pupils achieving the Core Subject Indicator.

<sup>3</sup> Level 4 qualifications are at a level equivalent to Certificates of Higher Education and appropriate for people working in technical or professional jobs.

<sup>4</sup> Pupils achieve the Core Subject Indicator when they achieve the expected National Curriculum levels for their age in mathematics, science and English or Welsh (first language).



- 73 In secondary schools, 14-year-olds also achieved the second highest standards in Wales in 2010, with 72.6 per cent of pupils achieving the Core Subject Indicator compared with 63.7 per cent across Wales. Among 16-year-olds; 67.4 per cent of pupils achieved the Level 2 threshold<sup>5</sup> in 2010 compared with the Welsh average of 63.7 per cent. Taking account of the level of free school meals<sup>6</sup> in Gwynedd secondary schools, pupils have usually achieved standards that are at least as high as the benchmarks that the Assembly Government calculates each year.
- 74 Half of Gwynedd's 14 secondary schools have sixth forms. Many of these sixth forms are small and costly to maintain, and the Council has begun to explore its options in terms of improving the sustainability of post 16 education within the county. However, schools are beginning to work together and in partnership with local Further Education colleges to offer an increasing range of A level and vocational qualifications. The 'average wider points score' (that takes account of all the accredited qualifications students achieve) in Gwynedd schools was the second highest of all councils in Wales in 2010.
- 75 The proportion of 16-year-olds choosing to continue in full-time education in Gwynedd has historically been among the highest in Wales. However, growth elsewhere in Wales has been faster than in Gwynedd and, in 2009, a lower proportion of 16-year-olds stayed on in full-time education than the previous year and compared with Wales as a whole. This figure for one year may not be significant. Only 4.2 per cent of those leaving school in 2009 were not in education, training or employment compared with 5.7 per cent across Wales. However, the relative fall in those staying on in full-time education may be an area worthy of further investigation if the pattern continues in 2010 and beyond.
- 76 The 2009 Estyn inspection reported that the Council's provision for pupils with additional educational needs had good features and no important shortcomings. The Council promotes effective initiatives to train teachers and support staff in better ways of teaching pupils with additional learning needs so that they achieve better standards. However, the report notes that there have been longstanding problems in controlling the budget that covers this aspect of the Council's work, and that inefficiencies in ICT systems hampered the use of data to evaluate the impact of initiatives and their cost. Since the inspection, there has been progress in the use of data but budget pressures remain as more pupils are assessed to be in need of support in classrooms.
- 77 The Estyn inspection report concluded that good features outweighed shortcomings in the Council's strategic management of its education services. The report praised the Council's senior management but concluded that tensions between some political groups and the lack of progress on school reorganisation were barriers to improvement.
- 78 Since the inspection, the Council has found ways of engaging with councillors the leaders of different political groups and has made significant progress towards reorganising its primary schools. In December 2010, the Council agreed to issue the relevant statutory notices for a major reorganisation in the Tywyn area. Subject to Assembly Government approval, this will result in the replacement of three primary schools by a new area school in 2014 and the closure of another two schools. The Council has also agreed to enter a period of statutory consultation about innovative proposals in the Bala area that, if successful, will see a single all-age school replacing the existing secondary school and two primary schools, and

<sup>5</sup> The Level 2 Threshold is a volume of qualifications on the National Qualifications Framework that is equivalent to five GCSEs at grades A\*-C.

<sup>6</sup> The level of free school meals is a proxy for the level of deprivation which, in turn, is closely linked to levels of attainment in schools.

the closure of another small primary school. Work is underway to consider the options available in the Dolgellau area.

- 79 Changes such as these are needed to enable the Council to provide schools that are fit for purpose and so that it can make better use of its expenditure on education. The latest available data shows that 6,348 school places in Gwynedd schools are empty. This represents 28.4 per cent of all school places, the highest level of surplus capacity in all councils in Wales. The Audit Commission estimated as long ago as 1996<sup>7</sup> that each surplus place costs about £300. Using this estimate, about £2 million of the Council's education budget is used to pay for empty places.
- 80 The cost<sup>8</sup> of primary school education, at £5,085 per pupil for 2010-11, is the third highest among local authorities in Wales. Despite the very high level of surplus places, the equivalent cost for secondary schools is £4,809 per pupil, only slightly higher than the average for Wales of £4,726 per pupil. At the end of 2009-10, schools in Gwynedd held about £3.8 million in reserves. This figure represents about £226 in reserves per pupil, the fourth highest among the 22 local authorities in Wales.

## Is the Council improving its support for children and young people?

- 81 Under the 'developing people' heading, we focused on the Council's Improvement Objective relating to children and young people. **Exhibit 4** sets out what the Council has said that it aims to do.

### Exhibit 4

**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.

- 82 As published, this Improvement Objective merely sets out an aim that any local authority education service might aspire to. It provides no specific information to Gwynedd citizens about what the Council intends to achieve and offers no basis against which the Council might be held to account for its performance.

<sup>7</sup> Trading Places, Audit Commission, 1996

<sup>8</sup> Costs are taken from Revenue Account Forms and include specific grants. They include expenditure from central budgets apportioned to schools as well as delegated budgets.

83 To support this Improvement Objective, the Council has set out in its Corporate Plan, five main areas of activity. These are:

- re-organising primary schools;
- education and training for the 14-19 age group;
- the Child Poverty Plan;
- implementing an Early Intervention Strategy; and
- transforming youth services.

84 These, together with the activities planned under each heading, provide enough information to judge that the Council's proposals address issues such as the quality, sustainability and efficiency of its services for children and young people. They are therefore legitimate areas in which to set an Improvement Objective. We have referred earlier in this report, for example, to the Council's work in reorganising its primary schools, and its potential for improving the quality of school buildings and reducing the level of resources that are used to pay for surplus places. The Council's planned Early Intervention Strategy follows a successful pilot project in which a multi-agency team worked with young people and their families in the Porthmadog area, sharing information and often nipping potential problems in the bud. The Council rightly sees the extension of such work as a means of improving the prospects of these young people, while also avoiding potentially more costly specialist interventions at a later stage.

85 The Corporate Plan also includes outlines of the desired results for each activity. Some, though not all of these could, with further refinement, be adapted so that they offer valuable measures of success. For example, the Council has said that its Early Intervention Strategy should result in a reduction in the number of children and young people referred to specialist services following multi-agency input. But, in order for this to become useful, the Council needs to establish and report baseline data for the numbers currently being referred to specialist services.

## Is Gwynedd Council helping to create a safe, prosperous and pleasant place to live?

- 86 The crime rate in Gwynedd is about 20 percentage points lower than the average for Wales. The crime rate has fallen reasonably steadily to three-quarters of the figure of seven years ago.
- 87 A recent Criminal Justice Joint Inspection looking at the quality of the youth justice service covering Gwynedd and Anglesey produced encouraging findings. The report notes that there had been a marked improvement in multi-agency working since the previous inspection in 2008, and that there had been real progress in meeting the required standards in working with children and young people who are subject to custodial sentences.
- 88 The Council is responsible for maintaining 325 kilometres of A-class roads, more than any other council in Wales. The Council is also the lead authority for the North Wales Trunk Road Agency that maintains trunk roads on behalf of the Assembly Government. The proportion of Gwynedd A-class roads judged to be in poor condition increased slightly to 3.8 per cent during 2009-10, but this figure remains well below the average for Wales. The Council has chosen to prioritise school buildings rather than roads in the year ahead and its target for 2010-11 therefore suggests that there will be a significant increase during the year in the proportion of roads in poor condition.
- 89 Keep Wales Tidy independent inspections have shown that streets in Gwynedd are slightly less clean than the average throughout Wales. During 2010, the Council has worked with other organisations to promote campaigns to reduce dog fouling and to reduce the amount of smoking debris on the streets.
- 90 During 2010, we assessed how well councils across Wales were collecting and disposing of the waste that local households and businesses produce. We found that the Council's waste management service is performing well and has slightly exceeded the Assembly Government's target for 2010 that at least 40 per cent of waste should be recycled or composted. The proportion of household waste that is recycled or composted in Gwynedd has increased year-on-year since 2006-07. Public satisfaction with the service is high.
- 91 As rates of composting and recycling increase, the amount of waste that the Council sends to landfill is reducing. Landfill space is running out rapidly and the cost of disposing of waste in landfill will increase significantly unless the Council meets stringent targets. Long-term waste planning in Gwynedd is good. The Council is one of very few councils across Wales that have prepared a full waste strategy spanning the period until 2025, and which shows how it intends to meet future Assembly Government targets.
- 92 The Council is involved in a number of different partnerships with other authorities in North Wales in order to tackle this problem. The largest of these is the North Wales Residual Waste Treatment Partnership. Five councils have worked together to procure treatment facilities for residual waste that will considerably reduce the volume that goes to landfill. The Assembly Government has approved the business case for procuring a treatment plant and has approved funding of £142 million. If all goes to plan, the treatment plan should be working by 2016. In the meantime, projections suggest that the Council is likely to remain within its landfill allowance.

## Is the Council promoting improvement to the Gwynedd environment and infrastructure?

- 93 Under the 'safe, prosperous and pleasant' heading, we focused on the Council's Improvement Objective relating to the environment and infrastructure. **Exhibit 5** sets out what the Council has said that it aims to do.

### Exhibit 5

**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:

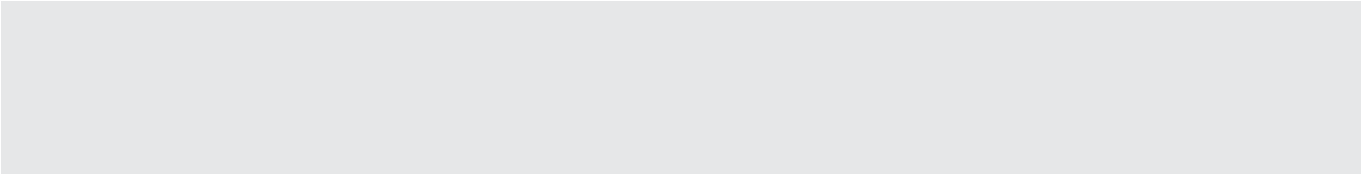
- a safe, clean environment which brings benefits to the community;
- a supply of suitable housing in the county; and
- convenient and useful communications.

- 94 In its next plan, the Council will need to be more explicit about its intentions. As published, this Improvement Objective again provides no specific information to Gwynedd citizens about what the Council intends to achieve and offers little basis against which the Council might be held to account for its performance.

- 95 To support this Improvement Objective, the Council has set out in its Corporate Plan eight main areas of activity. These are:
- affordable housing;
  - bringing vacant properties back into use;
  - managing the risk of flooding;
  - climate change;
  - carbon footprint reduction plan;
  - reducing and managing waste;
  - planning policies; and
  - re-modelling transport.

- 96 These, together with the activities planned under each heading, provide enough information to judge that the Council's proposals address issues such as protecting the wellbeing and quality of life of citizens and the sustainability of communities in Gwynedd. They are therefore legitimate areas in which to set an Improvement Objective.

- 97 The Council has identified that high house prices, partly fuelled by the market in holiday homes, are causing difficulties, particularly for young people and families. The Council therefore tries to help people become home owners by ensuring a supply of affordable housing. The Council approved planning permission for 92 new affordable homes during 2009-10, a quarter of all the new homes that received planning permission. This was well above the Council's target of 15 per cent and slightly better than the average for councils in Wales.

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- 98 Though not linked explicitly to the Council's Improvement Objective, the Corporate Plan includes a target that a further 15 per cent of new housing should be affordable in 2010-11. This is a useful measure against which the Council's performance might be assessed. However, the Council's Balanced Scorecard includes a different target of 20 per cent for the same period.
- 99 The Council is working with its partners in the Local Service Board to reduce carbon dioxide emissions across the public sector in Gwynedd. There has been good progress during 2009-10, with an above average reduction of 3.75 per cent in emissions from non-domestic public buildings. The Corporate Plan includes clear and specific targets for further reductions across the public sector in a range of specific areas such as transport and waste management arrangements. So long as the Council and its partners have appropriate arrangements in place to measure and report improvements in these aspects, then these 'outcomes' represent a good model for other aspects of its Improvement Objectives.
- 100 The Council's proposals to further improve its waste management build well on the work it has already done. We have reflected recent progress earlier in this report. The Corporate Plan contains suitable targets that the Council aims to achieve by 2013, and the Balanced Scorecard includes other targets for 2010-11.
- 101 One strand of activity in the Corporate Plan addresses the Council's aim of 'securing convenient and useful communications'. This is a valid aim in this largely rural area; citizens in parts of Gwynedd have to travel a long way in order to access some services that many others take for granted. However, the details under the 're-modelling transport' strand offer limited insight into how citizens might improve their access to services.

# What should the Council do?

102 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 Assembly 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 them to do something about them and we will follow up what happens.

103 We think the Council needs to consider our proposals to help it improve:

## Proposals we made in our earlier work

The Council should:

- establish and maintain a register of reports issued by the Auditor General, the Appointed Auditor and relevant regulators (as defined in Section 16 of the Local Government Measure); and
- establish a process by which elected members will be made aware of the findings and recommendations contained in any such reports and of the Council's progress in implementing the recommendations.

The Council should define with greater clarity the improvement outcomes it intends to achieve, both singly and with its partners, and improve its use of performance information to monitor progress towards these outcomes.

As part of its own governance review, the Council should review the remit of its scrutiny committees to better reflect the recent changes in the Council's management arrangements.

The Council should identify the level of Human Resources capacity available to support services in developing their workforce plans.

## New proposals

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.

The Council should ensure that, in reporting its targets and performance, the figures quoted in different documents are consistent. Where revisions become necessary, these should be noted and explained.



# Appendix 1

## About the Auditor General for Wales and this report

### The Auditor General

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 Wales Audit Office helps the Auditor General by examining various aspects of how Welsh public bodies work. It was created in 2005 when the National Audit Office in Wales and the Audit Commission in Wales merged.

The Auditor General is the external auditor of the Assembly Government and its sponsored and related public bodies; the National Assembly for Wales Commission and National Health Service (NHS) 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.

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 law which created the Wales Audit Office also expanded the powers of the Auditor General to follow the 'public pound' wherever it goes.

### This report

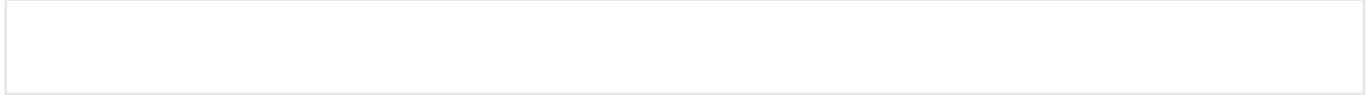
The Local Government Measure (June 2009) introduced new responsibilities for the Auditor General, including a responsibility to publish his assessment of each council/authority's arrangements to secure continuous improvement.

This report has been produced by the Auditor General for Wales to discharge his duties under section 24 of the Local Government (Wales) Measure 2009 (The Measure). The report also discharges duties under section 19, namely; to issue a report certifying that he has carried out an audit under section 17 and an improvement assessment under section 18.

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 authorities, national parks, and fire and rescue authorities.

The main piece of work for the Wales Audit Office, to enable the Auditor General to fulfil his duties, is an annual Improvement Assessment<sup>9</sup>.

<sup>9</sup> This assessment will be conducted for each improvement authority, under section 18 of the Measure. For each authority, it will determine whether the authority is likely to comply with the requirements of Part 1 of the Measure. The Wales Audit Office will also undertake an improvement information and planning audit, as required under section 17 of the Measure, in order to ascertain whether the authority has discharged its duties under section 15(1) to (7).



This will be informed by a:

- Corporate Assessment - a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement; and
- Performance Assessment - 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 output(s) from these assessments will be issued by the Auditor General as Audit and Assessment Report(s), under section 19 of the Measure. In publishing this report under section 19, the Auditor General for Wales is certifying that we have undertaken a section 17 audit and a section 18 improvement assessment.

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 will also take account of information shared by relevant regulators (under section 33) in his assessments and this report will summarise any work undertaken by them.

The Auditor General sets out the fee for his performance audit work undertaken to discharge his duties under the Measure at each local authority in a Regulatory Programme agreed each year with the authority. The fee for November 2009 until March 2011 is currently expected to be in line with that set out in the Regulatory Programme.

## Appendix 2

### Useful information about Gwynedd and Gwynedd Council

In 2009-10 the Council's gross revenue expenditure was £275.4 million, equating to £2,319 per resident. In that year the Authority also spent £42.5 million on capital items.

The average band D council tax in 2009-10 for Gwynedd was £1,147.70, including police and community council precepts; this has increased by 3.72 per cent to £1,190.38 for 2010-11. Seventy-four per cent of Gwynedd's housing is in council tax bands A to D.

There are 75 councillors who represent the communities of Gwynedd and make decisions about priorities and use of resources. The Council is made up of members from the following political groups:

- 36 Plaid Cymru
- 17 Independent
- 13 Llais Gwynedd
- 5 Liberal Democrat
- 4 Labour

The Council is required by the Assembly 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.

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 6,804 staff (including teachers and other school-based staff).

The Assembly Members representing Gwynedd constituencies are:

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

Members of Parliament representing Gwynedd constituencies are:

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

For more information see the Council's website at [www.gwynedd.gov.uk](http://www.gwynedd.gov.uk) or contact the Council at Council Offices, Shirehall Street, Caernarfon, Gwynedd, LL55 1SH, or by telephone on 01766 771000

# Appendix 3

## The Auditor General's Corporate Assessment

The main conclusions of the Auditor General's Corporate Assessment which was issued to the Council in June 2010 are set out below:

The Council's leadership is addressing the need for change, but some key building blocks are not yet well enough embedded to assure continuous improvement.

### How the Council has approached improvement over time

After a period of limited change, the Council has responded well to a range of internal and external stimuli, and is beginning to develop a number of potentially positive initiatives.

- In the past, the Council's consensual but overly cautious approach to modernising service delivery has hindered progress in some important areas.
- More recently, the Council's leadership has responded well to increased political tension, external challenge and the worsening financial climate and is driving positive strategic change.
- Significant initiatives are underway which could, if implemented effectively, deliver continuous improvement throughout the organisation.

### Analysis of the Council's arrangements to help it improve

Effective leadership and a sound policy framework are promoting change, but aspects of governance, partnership working, business processes and the use of staff and resources are not yet secure enough to ensure that policy becomes practice.

- The Council's political and managerial leadership and its policy and strategy framework are positively supporting improvement.
- Governance, partnership working, business processes and the use of people and resources are partly supporting improvement, and there are positive initiatives to develop each of these areas.

For the full report see our website at [www.wao.gov.uk](http://www.wao.gov.uk) or contact us at the address on the inside cover of this report.

## Appendix 4

### Appointed Auditor's Annual Letter to the Members of Gwynedd Council

**Gwynedd Council complied with financial and performance improvement reporting requirements but is facing significant financial pressures in the future.**

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;
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- publish its Improvement Plan by 31 October.

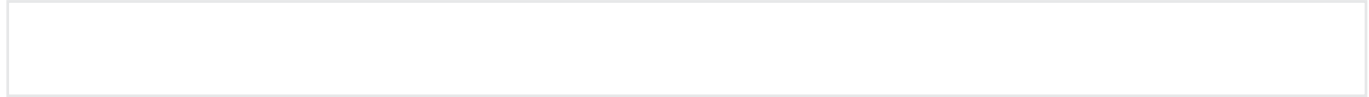
The Code of Audit Practice issued by the Auditor General (the Code) requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources;
- consider whether the Improvement Plan is prepared and published in accordance with statutory requirements; and
- issue a certificate confirming that I have completed the audit of the accounts.

On 30 September 2010 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 transactions. Whilst my opinion was unqualified, I included an emphasis of matter in my report on the Pension Fund's accounting statements. This is explained in more detail in paragraph 5 below. My report is contained within the Statement of Accounts.

The following issues were identified regarding Gwynedd Council's accounts which were reported in detail in the Audit of Accounting Statements report presented to the Audit Committee on 27 September 2010:

- 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 £1.548 million. The Council provided management representations to explain the reasons for not amending and confirmed that capital reserves and budget allocations (in 2010-11 onwards) have been set aside to meet this liability.
- Two matters arose regarding accounting practices, one relating to pension disclosures and the other relating to the accounting treatment of in-year additions to infrastructure assets.



The following additional issue was identified regarding the Gwynedd Pension Fund accounts also presented to the Audit Committee on 27 September 2010:

- The auditor's report was modified to draw attention to the nature of private equity investments held by the Fund. As part of its investment portfolio, the fund had year-end holdings in private equity investments totalling £35 million. Because of the inherent uncertainty associated with the valuation of such investments, arising from the absence of a liquid market, the fair value of these investments may differ from their realisable values. As the difference could be material I decided to draw attention to the inherent uncertainty.

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 LG Measure. The main findings from this latter work will be set out in the Annual Improvement Report. In addition I also bring the following issues to your attention:

- Effective budgetary control arrangements are in place and the Council has made good progress in the implementation of its savings strategy, but the Council faces continued and increasing financial pressures in the future. This is referred to further in the Annual Improvement Report.
- Whilst the Council has taken steps to improve the quality of its performance data, additional work is still needed to ensure that it is robust across all Council departments. A number of national performance indicators, relating to Social Services, were once again qualified in 2009-10.

The Council's Improvement Plan 2010-11 meets statutory requirements and provides a balanced view of its performance in 2009-10. However, the Council should consider restructuring the plan so that the reader can more readily understand the Council's performance.

I issued a certificate confirming that the audit of the accounts had been completed on 30 September 2010. The financial audit fee for 2009-10 is currently expected to be in line with those set out in the Financial Audit Strategies for the Council and the Pension Fund.

Ceri Stradling  
Engagement Partner, for and on behalf of the Appointed Auditor  
26 November 2010

# Appendix 5

## Gwynedd Council's Improvement Objectives

The Council published its Improvement Objectives on the Council's website at [www.gwynedd.gov.uk](http://www.gwynedd.gov.uk). They are:

**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.

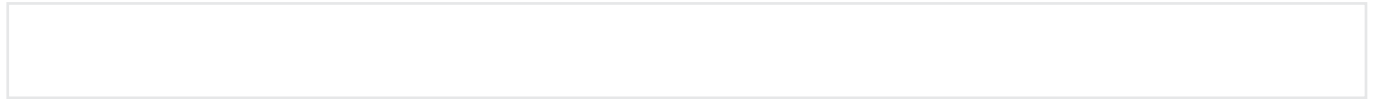
The Council will address the main issues in an attempt to:

- 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.



# Appendix 6

## References

All the data referred to within the report is drawn from one of the following sources:

- Welsh Assembly Government, StatsWales
- Welsh Assembly Government, local area summary statistics
- The Council's own websites and Improvement Plans
- The Wales Yearbook
- The Home Office
- Members' Research Service
- Office for National Statistics