



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Incorporating the Corporate Assessment Report 2014

Flintshire County Council

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This Annual Improvement Report incorporating the Corporate Assessment has been prepared on behalf of the Auditor General for Wales by Huw Lloyd Jones, Paul Goodlad, Melanie Watson, Andy Bruce, Gwilym Bury, John Roberts, Avril Watkins, Debra Allen and Emma Roberts under the direction of Jane Holownia.

**Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ**

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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.

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Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. This report sets out the findings of the work undertaken on behalf of the Auditor General by the staff of the Wales Audit Office in Flintshire County Council (the Council) and also draws on the work of the relevant Welsh inspectorates. The report summarises the assessments undertaken since the Auditor General published his last annual improvement report in June 2014 and includes the findings of the Auditor General's Corporate Assessment, undertaken in September 2014. Taking all these findings into account, the report records the Auditor General's conclusion on whether he believes that the Council will make arrangements to secure continuous improvement for 2015-16.
- 2 This conclusion should not be seen as a definitive statement of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 3 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@wao.gov.uk or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.
- 4 The Auditor General has concluded that **the Council's track record suggests that it is likely to respond positively to the internal and significant external challenges it faces and make arrangements to secure continuous improvement for 2015-16**. This judgement reflects the conclusions of his corporate assessment, that **the Council has made significant progress in a number of difficult areas during the last year; although it needs to strengthen aspects of its arrangements, the Council is reasonably well placed to continue to deliver its priorities in the face of further financial challenges**.
- 5 The audit team found that, **despite some strengths and areas of progress, aspects of the Council's arrangements are not fully supporting decision-making and the delivery of the Council's agreed priorities**. We reached this conclusion because:
 - a the Council has established a wide-ranging set of clearly-stated priorities that have a broad base of support within the Council and among partners;
 - b the Council's corporate planning and reporting of performance have improved year-on-year but plans at service level are of inconsistent quality; and
 - c sound governance structures are mostly in place but some aspects are not working as effectively as they might.

- 6 We also found that **the Council has taken significant strides forward in its use of resources and now needs to co-ordinate the elements more systematically in the face of future financial challenges.** We found that:
- a improvements in financial planning have the potential to support the Council in maintaining its recent track record of financial savings in the face of increasing austerity, but difficult decisions lie ahead;
 - b the successful completion of the Council's Single Status agreement and Equal Pay Review has been highly demanding and other Human Resources priorities have therefore made slower progress than intended;
 - c the Council has a clear vision for its land and buildings, but the links between asset management and the planning of revenue expenditure are not explicit enough; and
 - d despite delivering significant improvements in a number of areas, the ICT function has struggled to prioritise its work in the face of increasing demand.
- 7 Finally, we found that, during 2013-14, **the Council made good progress against the improvement priorities we looked at but its performance against the national indicators declined slightly.**
- 8 We concluded that:
- a Flintshire schools continue to provide good value for money and the Council is seeking further efficiency within the education system;
 - b there has been good progress in adult social services but the performance of children's services has been less consistent in the face of increasing demand;
 - c overall performance against the national indicators declined slightly, but with some strong performance across several service areas;
 - d the Council is making good progress in implementing initiatives to help mitigate the impact of cuts to welfare benefits and to reduce fuel poverty;
 - e the Council's performance in preventing homelessness has improved but there has been little progress in the length of time people spend in temporary accommodation; and
 - f the Council continues to make progress in improving the Welsh language capability of its staff but it recognises that progress is not consistent across the whole Council.

Recommendations and proposals for improvement

- 9 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
 - a 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;
 - b make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days;
 - c conduct a special inspection and publish a report and make recommendations; and
 - d recommend to Ministers of the Welsh Government that they intervene in some way.
- 10 We have made no statutory recommendations during previous work this year and we make none in this report. The following proposals for improvement stem from our corporate assessment work in September 2014.

Proposals for Improvement

- P1** The Council should develop and implement a consistent approach to business planning that promotes the ownership by staff of key objectives and targets.
- P2** The Council should improve the quality of its reports to committees and Cabinet to ensure that:
- where necessary, reports enable councillors to refer easily to relevant policies and previous decisions and discussions;
 - key messages and recommendations are clear and succinct; and
 - reports to scrutiny committees include recommendations or options that committees might endorse.
- P3** The Council should ensure that, in implementing its revised strategies for People, ICT and Asset Management:
- their financial implications feed into the medium-term financial plan; and
 - the links between the strategies are fully considered so that specialist staff are available when required.
- P4** Group Leaders should strongly encourage members to take advantage of the Member Development Scheme.
- P5** The Council should take the opportunity of its review of scrutiny structures to ensure that Overview and Scrutiny Committees can add real value to Council decision-making by aligning agendas more explicitly to Council priorities and risks.
- P6** The Council should:
- adopt a consistent approach to managing risk, ensuring that all staff involved use a similar approach to record impact, likelihood and mitigating actions; and
 - apply this approach to its future savings plans.
- P7** The Council should ensure a consistent approach to workforce planning and use the results to inform future reductions in staff.

Introduction

- 11 Under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. **Appendix 1** provides more information about the Auditor General's powers and duties under the Measure.
- 12 In 2013-14, staff of the Wales Audit Office began a four-year cycle of Corporate Assessments of improvement authorities in Wales. This means that, in addition to an annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each Council will receive an in-depth Corporate Assessment once during a four-year period. In the intervening years, we will keep track of developments and focus further assessment work on a number of key themes, developed in discussion with each Council.
- 13 We undertook our Corporate Assessment fieldwork in Flintshire County Council (the Council) during September 2014. This annual improvement report includes the Corporate Assessment report and also summarises the regulatory reports issued to the Council since the last annual improvement report was published in June 2014. Whilst the Corporate Assessment does not aim to provide a comprehensive analysis of the performance of all of the Council's services, it reports on the Council's track record of performance and outcomes as well as the key arrangements that are necessary to underpin improvements in services and functions.
- 14 This work has been undertaken by staff of the Wales Audit Office on behalf of the Auditor General. With help from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (CSSIW), and the Welsh Language Commissioner, we have brought together a picture of what the Council is trying to achieve, how it is going about it, and the progress it has made since the Auditor General published his last annual improvement report. Finally, taking all this into account, the report records the Auditor General's conclusion on whether the Council is likely to make arrangements to secure continuous improvement for 2015-16.
- 15 This conclusion should not be seen as a definitive statement of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 16 Our fieldwork for the Corporate Assessment focused on the extent to which arrangements are contributing to delivering improved service performance and outcomes for citizens. The corporate assessment sought to answer the following question:
'Is the Council capable of delivering its priorities and improved outcomes for citizens?'

- 17 The Corporate Assessment covers the following:
- a **Performance and outcomes:**
'Is the Council making progress on achieving its planned improvements in performance and outcomes?'
 - b **Vision and strategic direction:**
'Does the Council's vision and strategic direction support improvement?'
 - c **Governance and accountability:**
'Do the Council's governance and accountability arrangements support robust and effective decision-making?'
 - d **Use of resources:**
'Is the Council managing its resources effectively to deliver its planned improvements in performance and outcomes?'
 - e **Collaboration and partnerships:**
'Are the Council's collaboration and partnership arrangements working effectively to deliver improved performance and outcomes?'
 - f **Managing improvement:**
'Is the Council effectively managing its improvement programme?'
- 18 The conclusions in this report are based on the work carried out and, unless stated otherwise, reflect the situation at the point in time they were concluded. However, changes in the Council's operating model – its management structure and the way in which senior managers work together – form an important context to this report.
- 19 In February 2014, the Council consulted on a significant re-shaping of its senior staffing structure with the aims of:
- a maximising the financial efficiency of the organisation and prioritising its resources; and
 - b modernising the organisation to be lean, productive, efficient, resilient and high performing.
- 20 The proposals were agreed in March 2014 and the process of recruiting a new Chief Officer Team began in May. At the time of our Corporate Assessment fieldwork in September, the final appointment to the team had just been made.
- 21 The new operating model eliminates the four Directorates within which all Council services were previously located. Instead, a single tier of nine Chief Officers reports directly to the Chief Executive. The proposal reduces the number of senior posts from 18 to 10, saving at least £0.5 million in a full financial year. The Council has described the proposals as being, 'an integral part of meeting our budget targets and a critical part of our transformation programme'.

- 22 It is too early to evaluate the overall impact of these changes, but we refer elsewhere in this report to the positive potential of this new operating model, as well as to some of the associated risks. As the new operating model settles down, the Council expects to improve and transform its services at a faster pace and strengthen its ability to respond effectively to external changes.
- 23 Since conducting our Corporate Assessment fieldwork, we have met the Chief Executive and Chief Officer Team, together with the Leader and the Deputy Leader, and have discussed our provisional findings. The Council has responded positively to those findings and is already implementing an action plan to address our proposals for improvement.

Detailed Report

The Council has made significant progress in a number of difficult areas during the last year; although it needs to strengthen aspects of its arrangements, the Council is reasonably well placed to continue to deliver its priorities in the face of further financial challenges



Despite some strengths and areas of progress, aspects of the Council's arrangements are not fully supporting decision-making and the delivery of the Council's agreed priorities

The Council has established a wide-ranging set of clearly-stated priorities that have a broad base of support within the Council and among partners

- 24 The Council benefits from a well-regarded and stable political leadership whose ambitions for the county are, for the most part, shared across all political groups. There is far less political tension than during previous administrations. The leadership has recently begun to engage more extensively than before with opposition groups in paving the way for the 2015-16 budget. Opportunities to build consensus in this way will become increasingly valuable in future as the Council faces more and more difficult decisions.
- 25 The Council's vision and strategic priorities have been developed in conjunction with, and are complementary to, those of its partners within the Local Service Board (LSB). Working with its partners, the Council has established eight standing priorities for the duration of its term of office. The priorities, which constitute the Council's Improvement Objectives, address the following themes:
- a Living Well
 - b Poverty
 - c Housing
 - d Environment
 - e Economy and Enterprise
 - f Skills and Learning
 - g Safe Communities
 - h Modern and Efficient Council
- 26 The Council sets out its vision clearly within its Improvement Plan, as required by the Local Government Measure 2009 (the Measure). For 2014-15, the Council's coherent set of eight strategic priorities is underpinned by more detailed sub-priorities, some of which are identified clearly as areas of particular focus during the year. Though wide-ranging, the Council's vision demonstrates a clear commitment to continuous improvement, reflected by targets for improving the efficiency and effectiveness of its services, particularly those associated with its in-year Improvement Objectives.
- 27 The Council has a track record of, and continued commitment to, delivering services to the public in partnership and collaboration with other councils, public sector organisations, business and voluntary sector partners. Despite the uncertainty surrounding the future configuration of local government in Wales, the Council has a clear vision of its future role in partnership and collaborative arrangements, recognising that it can no longer continue to deliver all services in the way it has in the past. The Council plays a high profile role within the LSB and partners speak highly of the willingness and commitment of the Council's senior officers and members to work collaboratively.

- 28 The Council has aligned its own Improvement Plan with the wider Flintshire Single Integrated Plan, the 'Wellbeing Plan', which is overseen by the LSB. The Council's priorities therefore represent its agreed contribution to the achievement of the broader outcomes set out within the 'Wellbeing Plan'. The priorities from the 'Wellbeing Plan' have been agreed between the Council and its partners, fairly reflecting individual partners' priorities, and so that they are consistent with the partner organisations' objectives and desired outcomes. Although the LSB and Council do not have an overall resource plan or pooled budget for the delivery of the 'Wellbeing Plan', resources are agreed on a project-by-project basis.
- 29 The Council has a framework and guidance in place to encourage a consistent approach to stakeholder engagement. The Council demonstrates an understanding of its accountability to the public through its Public Engagement and Consultation Service Framework. Guidance for staff on the purpose and importance of effective engagement, available on the Council's intranet, is clear and succinct. The guidance is supported by templates, and a range of case studies to illustrate good engagement practice with a range of audiences.
- 30 Despite its framework and guidance, the Council has not been systematic in engaging with the public about its priorities. Instead, the Council tends to rely on the democratic representative role of its councillors in gauging public opinion. Some individual services have analysed the needs of communities and of service users but the Council and its partners do not have access to any recent, comprehensive surveys or assessments of public opinion.
- 31 The Council is expanding the ways it engages with citizens in order to try and engage with different groups. The Council's budget consultation process for 2015-16 began via the internet, and social media was used to hold a Twitter debate. Council services are using feedback to improve engagement events. For example, an event for young people with disabilities was informed by feedback from previous attendees. The changes made to the event were appreciated by the young people. The Council's new housing company, North East Wales Homes and Property Management, is making extensive and effective use of social media to engage with its customers and with citizens more widely.

The Council's corporate planning and reporting of performance have improved year-on-year but plans at service level are of inconsistent quality

- 32 We have, in the past, been critical of the extent to which annual Improvement Plans have communicated the Council's priorities effectively to citizens. The Council has worked hard to improve the quality of this key plan and the Improvement Plan for 2014-15¹ is a clear and accessible document that sets out far more clearly than before what the Council plans to do and how its success might be measured and evaluated. We issued a certificate in July 2014 confirming that the Improvement Plan discharged the Council's duties under the Measure (see [Appendix 2](#)).

¹ The Council's Improvement Plan for 2014-15 is available on its website: [http://www.flintshire.gov.uk/en/PDFFiles/Policy-and-Performance/Improvement-Plan-2014-15-\(FINAL\)-English.pdf](http://www.flintshire.gov.uk/en/PDFFiles/Policy-and-Performance/Improvement-Plan-2014-15-(FINAL)-English.pdf).

- 33 Having agreed to implement its new operating model, the Council also agreed to stop producing the annual Directorate Plans that had previously set out each Directorate's contribution to achieving the Council's Improvement Objectives. The Council has acknowledged that these plans were time-consuming to produce and had limited beneficial impact. They tended to reinforce the distinctions between the Directorates and had the potential to dilute a corporate approach to the delivery of some of the Council's priorities, particularly those relating to the theme of 'Modern and Efficient Council'.
- 34 We found considerable inconsistency in the quality of business and service planning to deliver the Council's Improvement Objectives. We found it difficult to trace the 'golden thread' through from the Improvement Objectives to the level that sets out staff's role in their delivery. An Internal Audit report on risk management, issued in August 2014, identified that some services had no service plans in place during 2013-14. Among the service plans we examined, a number of different formats are being used. Although a uniform format for service planning may not be appropriate, the Council acknowledges that it needs to develop an updated corporate approach to service planning. The Council intends to work towards putting this in place for 2015-16, informing its approach by reviewing the various approaches that different services are currently adopting.
- 35 We found a mixed picture in the extent to which staff engage with and 'own' those objectives and targets that relate to the areas for which they are responsible. The Council's staff appraisal process is not applied consistently and falls short of the Council's own target for completion. However, some staff that we spoke to valued the one-to-one supervisory meetings that they were involved in. Such meetings offer regular opportunities to reflect constructively on performance and progress and to consider whether changes are necessary in order to achieve agreed goals. The implementation of a new performance appraisal process is well underway with the aim that all staff should have been appraised under the new system by mid 2015.
- 36 There are also a number of strong elements within the Council's performance management arrangements. For example, guidance on target-setting incorporates useful requirements to include longer-term aspirational targets and to highlight 'maintenance targets'. These maintenance targets operate as a valuable check to ensure that a focus on a specific area does not adversely affect the performance of other aspects of service delivery.
- 37 The Council has a clear focus on improving service performance and outcomes, demonstrated most clearly through its annual improvement planning process. The significant majority of annual targets (and many short and medium-term aspirational targets) anticipate that performance will continue to improve. However, the Council recognises that it will need to review its priorities and the scale of its ambitions, to reflect the increasingly challenging budget position, with a greater emphasis on maximising service efficiency.

- 38 The Council is robust in ensuring the quality and accuracy of its Annual Performance Reports, which are required under the Measure. The content of draft reports is challenged and amendments are made and agreed before the reports are finalised. The process does, however, involve a number of tiers and is demanding on staff resources. In recognising this, the Council is planning to explore alternative, less resource-intensive ways of carrying out this aspect of quality control.
- 39 We have, in the past, reported the complexity of aspects of the Council's Annual Performance Report, and criticised the extent to which its key messages are accessible to the public and to councillors. The Council has responded positively to past proposals for improvement and we judged that the Council's assessment of its performance in 2013-14, published in October 2014, complied with the requirements of the Measure. We issued a certificate confirming our opinion in November (see [Appendix 3](#)).
- 40 Other performance reports to committees are often still long and highly detailed. The Council has now begun to implement an 'exception reporting' format which highlights only those areas where performance is worse than anticipated or where there are significant risks to future progress. This has the potential to improve both the effectiveness and the efficiency of performance reporting.
- 41 The LSB has successfully adopted the Council's performance management framework to monitor the delivery of the Single Integrated Plan. The framework includes a timetable for mid and end-of-year partnership performance reviews and requires the LSB to publish an annual end-of-year report that summarises the impact it has achieved. The framework also includes valuable measures that demonstrate the delivery of most of the partnership outcomes. However, some performance information relates more to inputs, processes and outputs, and could be clearer in terms of benefits for the public.
- 42 The Council has a good understanding of the extent of its collaborative working and partnerships and has produced a position statement setting out its strategic partnerships and regional collaborations in 2014. The information in the statement has enabled the Council to make informed decisions about future plans and performance management regarding individual partnerships. However, the Council could do more to explain the intended impact of some partnerships and joint working arrangements, and the benefits they should deliver for the public.

Sound governance structures are mostly in place but some aspects are not working as effectively as they might

The Council has sound structures and arrangements in place to support good governance, but some of its strategies and supporting documents are out of date

- 43 A comprehensive Governance Framework is in place that identifies the strategies and planning arrangements in place to ensure the Council is well run and governed. The Framework clearly sets out committee and officer roles, responsibilities and reporting lines. It also details internal and external assurance arrangements and the four enabling corporate strategies that are seen as the pillars of the Council's governance arrangements. The Council has a comprehensive constitution which is part-way through a three-year rolling review programme to ensure it is up to date. Staff receive training on its content and the internal audit programme provides assurance of compliance with key elements such as the completion of declarations of interest by councillors.
- 44 Governance arrangements are reviewed annually by heads of service and chief officers who are held to account for governance within their service areas. Increasingly, members are also being involved in self-assessing governance arrangements. However, some of the Council's enabling strategies, such as those for HR and ICT, are out of date and are currently being reviewed. We found that the Council has lost sight of the aims of the existing strategies, focusing instead on more narrowly-focused action plans. The Council has not managed well enough the connections between its Asset Management, ICT and People Strategies and their implications for its financial planning. This indicates that the strategies have not fully supported the governance framework, as intended.
- 45 The structure and working style of the new Chief Officer Team have the potential to identify and exploit the linkage between the Council's four enabling strategies more effectively than before, helping councillors to manage competing priorities more coherently.
- 46 The constitution sets out clearly the roles and responsibilities of members and officers and the Leader is clear that ultimate accountability for achieving Council priorities lies with Cabinet members. However, this is not made explicit in committee or Cabinet reports which do not include the name of the responsible Cabinet member. Officers usually lead the presentation of papers at scrutiny committee meetings, although Cabinet members attend and provide informed and insightful input to resulting debates.
- 47 A range of different but appropriate governance arrangements underpin the regional and local collaborations in which the Council is involved. A formally-constituted Joint Committee oversees the work of the North Wales Regional Waste initiative, for example, and GwE, the regional school improvement consortium.

The Council's internal audit arrangements are robust and support the work of the Audit Committee

48 The Council's internal audit programme responds effectively to changes in risk and demand. The Council produces a three-year internal audit strategic plan which is reviewed and updated annually. It takes into account Council priorities, risks and areas for improvement. A mid-year review of planned activities was recently undertaken to reflect changes in the management structure. Meetings were held with each new chief officer and their teams to confirm that audit plans were still valid. As a result, the internal audit programme has been amended appropriately. The internal audit plan covers all portfolios and is agreed by the Audit Committee. The implementation of both external and internal audit recommendations is closely monitored. The recommendations from these reports are tracked electronically and any failure to respond is reported to the Audit Committee. In addition the internal auditor meets quarterly with departmental teams to monitor progress. The Audit Committee is generally effective; members understand their role and the committee provides a good level of challenge.

Elected members carry out their roles diligently but the impact of scrutiny is less than it might be

49 Cabinet members are generally well informed about their portfolios. They meet regularly with the relevant senior officers and the Leader and Deputy Leader have a constructive and trusting relationship with the Chief Executive and Chief Officers. Informal Cabinet meetings with the Chief Officer Team prior to each Cabinet meeting are productive in clarifying members' understanding of up-coming papers. The subsequent formal decision-making at Cabinet is therefore well-informed, and meetings are brisk and business-like, although the extent of debate in the public arena is often limited.

50 Member development programmes and training, while offered and promoted, are not well attended, and the take-up of member personal development reviews has not been a success. Appropriately, councillors may only take part in Planning or Licensing Committee meetings after undertaking specific training, and these courses are well attended. However, attendance at other training events has been poor. The Council has undertaken a review into this, and is changing the way some training is delivered. Members do not feel they have the opportunity to shape training programmes but member development is not driven at the Council.

51 Some longstanding members question the need for training. However, the various committees that we observed suggested that there remains the potential to improve member skills such as the chairing of meetings, the interpretation of council reports and the identification of strategic rather than ward-based issues for discussion.

- 52 The Council has six overview and scrutiny committees which are well resourced with dedicated officer support. The Council recognises that the balance of work between committees varies and the number of committees is comparatively high compared to the Welsh average. Overview and scrutiny structures have not been reviewed since 2010 and the Council is now planning to review structures.
- 53 Cabinet members support the scrutiny process well by attending meetings regularly. However, the impact that scrutiny is having on decision-making is often unclear. A high proportion of the work of scrutiny committees takes the form of monitoring reports on matters such as the budget or on performance against targets, although individual members also raise items and request reports on issues of interest to them. A small proportion of scrutiny agendas relate to ‘pre-decision scrutiny’ whereby committees consider issues before they reach Cabinet for decisions to be taken. All Scrutiny committees have forward programmes but it is not clear how these are influenced by corporate priorities, the Cabinet agenda or the corporate risk profile.
- 54 The level of challenge and quality of debate in scrutiny committee meetings varies. There are examples of scrutiny providing decisive challenge, such as when a task and finish group was established to review the Council’s approach to target setting. However, reports presented to scrutiny committees are often for noting rather than requiring the agreement of recommendations to Cabinet. Discussion tends to lack focus as a result and the scrutiny function is limited in terms of its contribution to Council policy or priorities and in ensuring that decisions benefit from a wide range of political views.
- 55 The quality of papers presented to scrutiny committees and to Cabinet varies too much. Some reports are too long, too detailed or include unnecessary jargon, meaning that they can be difficult to understand for non-specialist members. For example, the ICT quarterly reports presented to Cabinet and committees include helpful performance indicators relating to customer satisfaction. However, references to progress on larger projects relating to systems are vaguer and rely on members referring to previous reports to get an understanding of how projects have moved on or how much work remains. Finance and budget-related papers are also not easy to understand. This means that the Council risks inadequate challenge on financial performance as members may not understand the issues fully.

Improvements to the previous complex risk management arrangements have not yet resulted in a robust system that is applied consistently

- 56 The Council recognises that it is on a journey in relation to developing a robust approach to the identification and management of risk. It has tried in recent years to simplify what was a complex risk management system but has not yet established arrangements that are applied consistently across the organisation.

- 57 Under the current arrangements, the Council's corporate risks are reflected only in its Annual Improvement Plan and Governance Statement. There is no effective 'live' system, therefore, for identifying and managing new risks at a corporate level. There is no robust process for identifying operational risks that are escalating, and which might be better managed as corporate risks.
- 58 Although the Council has produced extensive guidance on risk management, this is out of date in some respects. The Council expects operational risks to be managed within service plans but, as has been highlighted earlier in this report, service planning is not currently consistent with corporate guidance. The use of inconsistent and confusing terminology is also unhelpful, as is a tendency in some areas not to express risks in sufficient detail.

There are some areas of weakness in the Council's arrangements to support the safeguarding of children

- 59 Between March and May 2014, we completed a review in all councils of their arrangements to support the safeguarding of children. The work also included a review of the Council's whistleblowing arrangements. As well as interviewing key staff and councillors and reading relevant documents, we conducted an online survey for elected members, senior managers, and staff in the education and leisure services to test each council's arrangements.
- 60 We have reported the outcome of this work separately and made two proposals for improvement which we have not repeated in this report. In summary, we found that:
- a the Council has established clear governance and scrutiny arrangements for managing its children's safeguarding responsibilities but the lack of a specific local policy to underpin decision-making is a weakness;
 - b the proportion of survey respondents who were aware of who is the Council's Designated Officer for Child Protection and its lead councillor was significantly lower than our survey average;
 - c the Council reports its performance on safeguarding issues on an ad hoc rather than a regular basis;
 - d the Council has no formal process to confirm that all relevant staff have received safeguarding training, with a below average proportion of survey respondents reporting that they had received recent training;
 - e the Council has assured itself that it complies with data protection requirements; and
 - f the Council has a satisfactory whistleblowing policy which it applies appropriately.

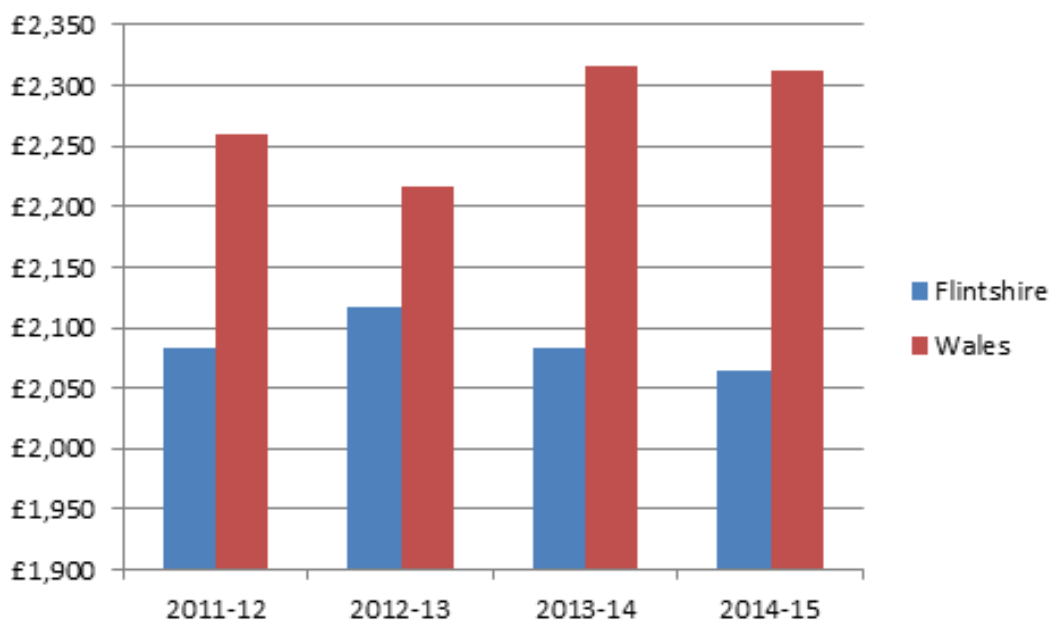
The Council has taken significant strides forward in its use of resources and now needs to co-ordinate the elements more systematically in the face of future financial challenges

Improvements in financial planning have the potential to support the Council in maintaining its recent track record of financial savings in the face of increasing austerity, but difficult decisions lie ahead

- 61 We have been critical in previous reports of the Council's medium-term financial planning. Until recently, budget planning has tended to focus only on the year ahead. The Council has therefore tended to rely on in-year projects to deliver the necessary savings, rather than embarking on longer-term work whose financial benefits may not materialise until subsequent years. This short-term approach has contributed to the rapid pace of change that has been necessary during 2014 in order to deal with the larger than expected reduction in central government funding for 2015-16, and which is likely to continue.
- 62 The Council has responded positively to the need to improve its medium-term financial planning and has now put in place a three-year plan that it will refresh annually. The new Chief Officer Team has the potential, as intended, to contribute a more corporate, wide-ranging view than before to this plan, improving the Council's capacity to manage all of its resources. The Council is aware of the risks associated with the fact that its Chief Finance Officer is not a member of the Chief Officer Team and has mitigated these risks successfully thus far.
- 63 Flintshire's demography results in the Council receiving a lower level of funding per head of population via the Welsh Government's Revenue Support Grant (RSG) than most councils in Wales. The RSG contribution, together with Flintshire's allocation of non-domestic rates, represents about 75 per cent of the Council's budget, with the remainder coming from Council Tax. Rates of Council Tax in Flintshire are slightly below the Wales average and have increased comparatively slowly in recent years.
- 64 Flintshire's gross revenue budget² for 2014-15 was £315.3 million. Mainly as a result of the comparatively low level of RSG income, gross revenue expenditure per head of population in Flintshire is well below average; Council services as a whole therefore cost less to run than in almost all other councils in Wales.
- 65 **Exhibit 1** shows that, in 2014-15, gross revenue expenditure per head of population in Flintshire was £2,064 per person, a little lower than it was in 2011-12. During the same period, average gross budget per head in Wales has increased from £2,259 per person in 2011-12 to £2,312 per person in 2014-15. In real terms, we calculate that Flintshire's budgeted gross revenue expenditure has fallen by about seven per cent since 2011-12, while the average for councils across Wales has fallen by about three per cent.

² Gross revenue budgets are reported net of income and charges, but they include specific grants distributed by the Welsh Government.

Exhibit 1 – Budgeted gross revenue expenditure per head of population



- 66 Despite its year-on-year approach to financial planning, the Council has, therefore, made significant savings and efficiencies in recent years, with no apparent adverse impact on the accessibility and quality of services. During the three years 2011-12 until 2013-14, the Council planned to deliver about £19 million in savings, and has reported that about 80 per cent of these plans achieved the desired results. The budget for 2014-15 included plans for a further £11.9 million of savings. The Council has reported to members that, in December 2014, the original plans were on track to yield about £9 million.
- 67 The budget reductions to date stem from a range of sources, including a range of service reviews and from improved procurement of goods and services. The Council acknowledges, however, that its procurement of goods and services remains an area for continued improvement.
- 68 Officers support the budget planning process well by providing detailed estimates of likely cost pressures and other changes in the year ahead. However, budgets in recent years have made little explicit reference to the Council’s priorities. As further future budget reductions bite, the Council is aware of the fact that it faces difficult decisions that will need to be guided by the priorities it has set itself. New models of service planning have the potential to make a positive contribution in informing such decisions.

- 69 Planning the 2015-16 budget has proved to be particularly challenging given the late announcement of a larger-than-anticipated reduction in RSG. The Council's political leadership has, in the past, tended to unveil its budget plans at a late stage in the planning process. This year, however, the Council has begun to engage with the public about the challenges it faces, and political leaders have taken the opportunity to engage more widely than before with other political groups. Such a process has been valuable in other councils in gaining a helpful degree of consensus before major decisions are taken. At the time of our Corporate Assessment in September 2014, there was a funding gap for 2015-16 of about £16 million. At that time, there was a significant risk that the Council might not be in a position to set a balanced budget. However, the Council set a balanced budget as required on 17 February 2015. The Council is nevertheless well aware that further large reductions in its income are likely in years to come and that the decisions needed to set future budgets will become increasingly difficult.
- 70 The Council invests significant time and effort in monitoring its financial performance and in producing detailed monthly reports to members. Councillors we spoke to value these reports. However, and as is the case for some performance monitoring reports, there is scope to review these budget monitoring reports with a view to making them shorter and easier to follow.
- 71 The budget monitoring reports show that, on balance, budgetary control is sound. Total revenue expenditure has been about £3 million (or one per cent) less than the budget in each of the last three financial years. However, some demand-led budgets such as those for out-of-county placements are particularly volatile and show significant changes from one month to the next. Such variations are unhelpful in predicting end-of-year out-turn and suggest that there is a need for better forecasting and demand management at service level.
- 72 The Council's Annual Audit Letter (see [Appendix 4](#)), issued for and on behalf of the Appointed Auditor in November 2014, reports that:
- a the Council complied with its responsibilities relating to financial reporting and use of resources during 2013-14; and that
 - b the Appointed Auditor is satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The successful completion of the Council's Single Status agreement and Equal Pay Review has been highly demanding and other Human Resources priorities have therefore made slower progress than intended

- 73 The Council has a well-established and experienced Human Resources and Organisational Development (HR & OD) team to support it in delivering its Improvement Objectives and its change agenda. A comprehensive set of core and supplementary HR policies is in place and the team has also produced a range of guidance documents and toolkits to support managers in areas such as agile working and workforce planning.
- 74 The People Strategy 2009-2012, extended until 2014, forms one of the four pillars of the Council's governance framework. The strategy sets out a clear vision that was appropriate when the strategy was first adopted. However, changes in priority and, particularly, in the financial climate since that time have resulted in the Council losing sight of the strategy as a whole and focusing instead on specific projects at the expense of others.
- 75 The considerable demands of the Single Status agreement and Equal Pay Review have, in particular, diminished the capacity available within the HR & OD team for other activity aligned to the strategy. The Council has now almost completed this complex and resource-intensive work which has been highly necessary and, after a slow start, has been well managed. However, the demands of the work led to the reprioritisation of some of the other work required to lay the foundations for future financial savings and efficiencies. This work has therefore been later in starting than would be ideal. The introduction of a new staff appraisal system, for example, was delayed and the Council has had less success in reducing sickness absence figures than it had intended. Absence rates have remained steady over the last three years at an average of 10.5 days per full-time member of staff, well above the Council's target of 9.6 days. During our Corporate Assessment, some service users also reported concerns about delays in processes such as recruitment.
- 76 The Council has a good relationship with the independent and voluntary sectors and contributes well, alongside its partners, to developing the workforce within those organisations. This has resulted in increasing numbers of independent and voluntary sector staff receiving training alongside the Council workforce on, for example, providing welfare reform guidance. The Council works closely with Coleg Cambria in a joint initiative providing advice and support to business start-ups, including help for writing business plans, market research and financial planning with support from experienced mentors.
- 77 However, we found that workforce planning, linked to talent management, is not being carried out systematically across the Council. Workforce planning tends to occur as a reaction to change rather than providing information and guidance that inform change. There is a risk, therefore, that the Council loses skills and expertise from among its staff without there being sufficient suitable replacements available.

- 78 Following the implementation of the new operating model and the appointment of the Chief Officer Team, the Council is making good progress in developing a new three-year People Strategy. In doing so, the Council has engaged well with a variety of stakeholders, including councillors. This early engagement has the potential to help elected members to take ownership of the strategy, and to keep sight of its broader aims as they monitor progress against future actions. Nevertheless, plans to improve or at least maintain services whilst achieving significant cost reductions through reducing staff numbers represent a significant challenge.
- 79 Senior staff have considered the future delivery of the HR & OD function and acknowledge that the current model needs to mature during the life of the new strategy in order to create further capacity within the HR & OD team. The future model will require service managers to be more self-sufficient than in the past in managing their staff, drawing on specialist HR support only in a consultative capacity. A well-regarded and accredited training programme for managers is already in place, established in partnership with Coleg Cambria.

The Council has a clear vision for its land and buildings, but the links between asset management and the planning of revenue expenditure are not explicit enough

- 80 The Council owns significant land and property assets with an overall value of about £1 billion, including its stock of about 7,400 council houses. The Council has a clear vision and sense of purpose for its assets, summarised as 'having the right buildings in the right places for the right uses'. However, until recently, the Council has taken an ad hoc, rather than a systematic approach to managing some of its assets, including its approach to dealing with land or buildings surplus to requirements. The Council has a clear plan for retaining or disposing of its small agricultural estate and its operational buildings. It is now reviewing the options for the remainder of its property assets, including a commercial estate with a significant backlog of repairs and maintenance and an extensive range of buildings used for community-related purposes throughout the County.
- 81 The Council's asset management plan was produced in 2010. Although due for a refresh, it remains in most respects a comprehensive and well-developed strategy. However, the principles it describes – such as transferring surplus assets to the community, via community asset transfers³ – have not always been implemented with sufficient pace. During 2013-14, the Council completed just two community asset transfers but it expects to accelerate progress during 2014-15 and beyond by simplifying and standardising the transfer process. Similarly, the Council's Agile Working project, that helps its staff to work more flexibly and makes more efficient use of floor space, has made less progress than anticipated.

³ Community Asset Transfer: the transfer of land or buildings into the ownership or management of a Voluntary/Community Sector organisation or statutory body. This allows organisations to apply for grant support which would not be available to the Council. It means that the Council is no longer responsible for the cost of managing and maintaining the asset, and the community retains use of the asset – which often increases due to greater local 'ownership'.

- 82 The Council has collaborated successfully in joint asset planning with public sector partners, though this work has focused on individual projects rather than being led by long-term, strategic joint planning. Nevertheless, recent examples of asset planning are helping the Council and its partners to meet several shared improvement objectives, by co-locating front-line services within town centres. The Connect Centre at Flint is a good example of joint asset planning involving the creation of a one-stop-shop, co-location of the local police station, redevelopment of the former police station site, relocation of back-office staff and the closure of a surplus office building. This arrangement supports the Council's efforts to regenerate the town centre, reduces the operational space occupied by the Council, provides a local base for partners such as the Department for Work and Pensions to deliver their services and local hot-desk facilities for Council staff who work within and around Flint.
- 83 In recent years, the financial challenges facing the Council have encouraged it to recognise its land and property assets as a strategic corporate resource. However, although the impact of the asset disposal programme on the Council's capital programme is generally clear, the contribution that effective asset management is expected to make to its Medium Term Financial Plan is not explicit. Similarly, although asset management-related performance compares favourably with other councils across Wales, the Council does not use performance management proactively to inform decision-making. However, the Council's capital investment projects are robustly managed both at a strategic level and for individual projects and include a clear commitment to sustainability.

Despite delivering significant improvements in a number of areas, the ICT function has struggled to prioritise its work in the face of increasing demand

- 84 As with its People Strategy, the Council's ICT Strategy represents one of the four pillars of the Council's governance framework. There are further similarities in that the ICT Strategy is now out of date and, more importantly, changes since the strategy was first adopted have resulted in the Council losing sight of the aims of the strategy as a whole, focusing instead on specific projects, performance indicators and targets.
- 85 There have, nevertheless, been significant developments in the use of technology that have contributed to improved efficiency and to a wider range of ways for customers to access Council services. The Council's website is much improved in terms of its appearance and in terms of the ease of access to services and to key documents. In addition, the Council has produced an 'app' for smartphones, further improving the availability of its services and responding to the changing needs of its customers.

- 86 The Council has also exploited technology effectively to improve access to services for those customers preferring face-to-face contact or the use of the telephone. In addition to the Council's main call centre, the Flintshire Connect centres in Holywell, Connah's Quay and Buckley provide accessible 'one stop shops' at which citizens can conduct most aspects of their business with the Council.
- 87 The ICT Strategy emphasises the role of the ICT service in relation to its internal customers within the Council. A successful rationalisation of printers across Council offices has, for example, saved paper costs, as has the introduction of i-Pads for councillors. The Council's key financial systems are generally fit for purpose. However, the service has struggled to meet the demand for change with the result that staff feel frustrated with some aspects of the service. The upgrading and modernisation of some ICT systems have taken longer than expected, for example, and staff involved in the 'agile working' pilot have found difficulties in accessing the Council's ICT systems from their homes.
- 88 The Council has acknowledged that, in the past, it has been reluctant to define the intended benefits, both financial and non-financial, from large-scale technological projects. The Council's new operating model presents a significant opportunity to improve this aspect and to manage the ICT service in a way that reflects clear corporate priorities and which links more explicitly than before to the Council's strategic plans for its staff, its land and buildings and its finances.

The Council made good progress against the improvement priorities we looked at but its performance against the national indicators declined slightly

89 This section of the report focuses on the performance of Council services and the way in which the Council manages its performance. We provide an overview of performance in 2013-14 as well as a more detailed assessment of progress against a selection of the Council's Improvement Objectives. Where possible, these evaluations draw on information that is more up to date than the 2013-14 data. We also include a summary of the Performance Evaluation Report 2013-14, produced by the Care and Social Service Inspectorate Wales (CSSIW), and the Welsh Language Commissioner's assessment of progress in Flintshire.

Flintshire schools continue to provide good value for money and the Council is seeking further efficiency within the education system

- 90 The National Survey for Wales, conducted on behalf of the Welsh Government, indicates that the public in Flintshire has more confidence in the local education service than in any other council in Wales.
- 91 Results in Flintshire primary schools in 2014 consolidated the improvements of the previous year. The proportion of seven-year olds achieving the expected standards was slightly below the Wales average while the proportion of 11 year-olds achieving the expected standards was the same as the Wales average at 84.5 per cent. In secondary schools, 84.3 per cent of 14 year-olds achieved the core subject indicator⁴, the fifth highest proportion among councils in Wales. At key stage 4, performance fell slightly compared with 2013, but the proportion of 16 year-olds who gained five or more good GCSE grades that included the important subjects of mathematics and English or Welsh (first language) remained well above average and was the third highest in Wales.
- 92 Eligibility for free school-meals – a proxy measure for levels of deprivation – is well below the national average in Flintshire. We would therefore expect school performance in Flintshire as a whole to be above national averages. Levels of attainment in primary schools are therefore a little below what might be expected. Performance in too many primary and secondary schools nevertheless compared unfavourably with that in schools elsewhere in Wales with similar levels of deprivation.
- 93 We reported last year that there had been a steady fall in the number of 16-year-old school leavers in Flintshire who are not in employment, education or training. However, in 2013 (the latest year for which data⁵ is available), the proportion increased sharply to 3.6 per cent, only marginally better than the national average. Attendance rates in secondary schools have been among the best in Wales in recent years and continue to compare favourably with the Wales average.
- 94 The Council is responsible for ensuring an adequate supply of school places in an efficient manner. By merging infant and junior schools, the Council reduced the number of primary schools it maintains from 71 to 68 during 2013. Nevertheless, the capacity of the primary and secondary school systems increased slightly. In January 2014, there were some 4,300 surplus places in Flintshire schools (15.9 per

4 Pupils achieve the core subject indicator when they attain the expected National Curriculum level for their age in mathematics, science and English or Welsh (first language).

5 *Careers Wales*, <http://www.careerswales.com/prof/server.php?show=nav.3850>

cent of the total) distributed across the 80 schools. Surplus capacity remains lower in Flintshire than the Wales average of 17 per cent, but the gap closed during 2013. Thirty per cent of Flintshire schools have significant surplus capacity as defined by the Welsh Government as compared with 24.7 per cent across Wales.

- 95 The Council continues to address the modernisation of its schools estate and recognises the potential for further efficiencies. Plans to co-locate primary and secondary schools on a single site in Holywell are innovative and likely to improve significantly the working environment for pupils and staff. Prudent concerns about the future viability of another secondary school have led to the postponement of plans to refurbish the school.
- 96 As in previous years, the cost of Flintshire's education system as a whole remains well below that in most Welsh councils. For 2014-15, the Council set an education budget (excluding specific grants) of £109.6 million, equivalent to £4,781 per pupil compared with an average across Wales of £4,939 per pupil. Although there are areas to improve, the broadly positive outcomes outlined above suggest that the schools service continues to provide good value for money.
- 97 The Council has reviewed its school funding formula and implemented the resulting changes. The Welsh Government⁶ has calculated that, in 2014-15, the Council delegated 81.3 per cent of relevant funding to its schools. This is a slightly lower rate than in other councils in North Wales. The Council has recognised the need to review the support services that it provides for schools and the way that they are funded. This review process has the potential to increase the level of delegated funding and increase schools' accountability for procuring the level of support they require.
- 98 We commented in last year's annual improvement report that the Council was spending more per pupil than any other council in Wales on placing pupils with additional learning needs in schools outside Flintshire. For 2014-15, the planned education element of expenditure on this item fell significantly to £2.5 million from almost £3.5 million in 2013-14 following changes to commissioning arrangements. Although much reduced, this budget still represents £110 per pupil when spread across all pupils in Flintshire, the second highest such planned expenditure in Wales. Furthermore, the Council reported that, by the end of the first month of the new financial year, there was already a projected overspend of £227,000 on budgets for out-of-county placements.
- 99 A paper to the Council's Audit Committee in September 2014 shows that, in 2013-14, the Council spent a total of £6.89 million on out-of-county places across both education and social services budgets, about £726,000 over budget. The paper provides assurance to committee members that the Council's procurement of places is effective. However, data within the paper about the number of placements the Council supports is difficult to interpret and does not address the issue comprehensively enough in the wider context of Flintshire's own special school provision.

6 *Statistical Bulletin 49/2014, Knowledge and Analytical Services, Welsh Government.*

100 We acknowledge that there will inevitably be a degree of volatility in the level of spending on out-of-county placements. However, the extent of volatility from month to month undermines the Council's budgetary control. The frequent variances also suggest that more might be done to improve the accuracy with which these budgets are planned and managed.

There has been good progress in adult social services but the performance of children's services has been less consistent in the face of increasing demand

101 In October 2014, CSSIW published its Performance Evaluation Report 2013-14. The evaluation is based on:

- a information received from the Council;
- b performance data;
- c discussion at quarterly engagement meetings with senior officers;
- d inspections, reviews and site visits;
- e intelligence from complaints and concerns;
- f information from other inspectorates and regulators; and
- g inspections of regulated services commissioned by the Council.

102 The full report is available at cssiw.org.uk. We have summarised CSSIW's assessment of the Council's performance below and draw on other aspects of their evaluation elsewhere in this report.

103 More adults in Flintshire are using services that focus on prevention, rehabilitation and re-ablement, with an increase of 46 per cent during the year in the number of adults that the Council supports. The Council reports that well over half of the people using its re-ablement services achieved full independence, no longer requiring any further services.

104 Initiatives such as Well Check and Living Well support the Council's continued emphasis on promoting independence and wellbeing. Greater investment in partnership working is increasingly leading to the development of suites of services that are supporting more people in the community and fewer in residential care. The Council is effective in monitoring any shortfalls in the quality of care that it commissions and in seeking immediate corrective action.

105 People contacting the Council receive a timely response and, although there have been some delays in supporting people to leave hospital when ready to do so, performance remains better than the Wales average. Almost all service users have timely reviews of their care plans, and Flintshire's performance is the best in Wales on this indicator. Timely reviews enable the Council to respond effectively to changing requirements, improving both the quality and efficiency of the service.

- 106 The Council has acknowledged that it needs to improve its ability to identify and support those who are carers. This work continues but has yet to reach fruition. The Council has commissioned the North East Wales Carers Information Service to assist with this work.
- 107 The demand for children's services increased significantly during 2013-14 with the number of reported requests for assessment growing by over 70 per cent during the year. Repeat referrals have fallen by 13 per cent and the Council has maintained a timely response rate, making a decision within one working day on over 99 per cent of referrals.
- 108 Numbers on the child protection register also rose sharply from 58 in 2012-13 to 133 in 2013-14. This had an impact on the Council's capacity to provide the same level of support as previously and the proportion of initial child protection case conferences conducted within the required timescales fell from 97 per cent to 89 per cent.
- 109 The higher number of referrals led to an increase in the number of initial assessments undertaken and a 40 per cent increase in the number of core assessments. More children and young people than before were seen alone by social workers, providing greater opportunity for them to express their views and wishes. However, CSSIW found that some assessments were not routinely updated and that a number of associated risk assessments were incomplete.
- 110 Fewer reviews of the needs of looked-after children took place within the required timescale than in 2012-13, despite a small reduction in the number of reviews due. There was an even greater reduction in the number of reviews for children in need that were completed on time, with little more than half reaching the required standard. This was the lowest rate in Wales.
- 111 Although there was an increase in the number of looked-after children and young people during 2013-14, the proportion experiencing multiple placements fell and is now among the best in Wales. The Council undertook all the required visits to the children and young people it cares for, but the timeliness of these visits deteriorated. The proportion of looked-after children receiving health assessments remains among the lowest in Wales. The educational attainment of looked-after children aged 16 continues on an upward trend but the outcomes for young adults aged 19 who were formerly looked after is mixed.
- 112 CSSIW's inspection of the Council's Fostering Services was largely positive and found that there was effective support provided by a stable and consistent team, together with a well-organised fostering panel.

113 In referring to partnership and collaboration, CSSIW judged that the Council is increasingly realistic about the challenges posed by the need to deliver improving services within the context of reducing financial resources. This has accelerated the drive to greater efficiency, improving strategic partnership working, services that are more integrated and a growing commitment to regional commissioning. The Council is investing more in an early intervention approach that works in partnership with key stakeholders to improve outcomes for children, young people and families. Greater investment in partnership working is increasingly leading to the development of suites of services that are supporting more people in the community and fewer in residential care.

Overall performance against the national indicators declined slightly, but with some strong performance across several service areas

114 We reviewed the Council's performance for 2013-14 against the average for Wales across a basket of 44 national indicators⁷. Based on this data, there has been strong performance in several areas, but deteriorating performance in others. The Council's overall performance has declined slightly. For example:

- a one key education indicator was the best in Wales in 2013, with 62.2 per cent of pupils achieving five or more good GCSE grades that include English or Welsh first language and mathematics;
- b only 4.3 per cent of roads in Flintshire were in a poor condition, the lowest proportion in Wales;
- c the Council achieved top quartile performance in 13 national indicators, slightly fewer than in 2012-13;
- d performance against 23 of the 44 indicators was equal to or above the Welsh average, a slight deterioration from 28 in 2012-13; and
- e performance in Flintshire deteriorated compared with 2012-13 against almost half of the national indicators.

115 The Council's 2013-14 Improvement Plan contained eight improvement priorities and 98 secondary priorities. The Council reported good progress against just over half (56 per cent) of the secondary priorities and satisfactory progress against 42 per cent with just two per cent making less-than-satisfactory progress during 2013-14.

116 Each year the Welsh Government undertakes a national survey to obtain the views of the people of Wales on a range of issues including health, education and local services. In the 2013-14 survey, 61 per cent of respondents agreed that the Council provided high quality services. This was better than the Welsh average and ranked the Council seventh among the 22 unitary authorities in Wales. The same survey showed that 48 per cent of residents also think that the Council is good at letting them know how it is performing.

⁷ Thirty National Strategic Indicators (NSIs) and 24 Public Accountability Measures (PAMs), of which 10 are classified as both NSIs and PAMs.

The Council is making good progress in implementing initiatives to help mitigate the impact of cuts to welfare benefits and to reduce fuel poverty

- 117 The Council made good progress during 2013-14 against its improvement priority to increase local efforts to protect local people from poverty. The sub-priorities underpinning this improvement priority focused on mitigating the impact of the UK Government's welfare reforms and tackling fuel poverty. The Council met or exceeded all of its 2013-14 targets associated with these sub-priorities.
- 118 The Welfare Reform Act 2012 has brought significant change to the administration and distribution of benefits and will have a major impact on many citizens. In April 2011, the UK Government embarked on a programme of reform, including the phased introduction of Universal Credit between October 2013 and 2017. The Government's plans include changes to Housing Benefit which aim to reduce annual expenditure by around £2.3 billion. These changes will mean that millions of households in Great Britain will receive less in benefits, creating hard choices for them about how they use their money and manage on a day-to-day basis.
- 119 The key changes introduced by the Welfare Reform Act 2012, in summary, are as follows:
- a the introduction of size criteria for the social rented sector, limiting Housing Benefit payments (and later the housing costs element of Universal Credit) for working-age households who under-occupy their homes;
 - b the household benefit cap, which imposes a limit to benefit claims for out-of-work, working-age households;
 - c Universal Credit, which introduces a single monthly integrated benefit for working-age households, both in and out of work, paid direct to claimants; and
 - d changes and cuts to support for Council Tax, devolving power to local authorities to design and administer this benefit.
- 120 The Council has a robust plan in place to address the impact of welfare reform and has established Flintshire Tackling Poverty Partnership to consider and respond to the issues. This forum includes an appropriately wide range of stakeholders to ensure full coverage of all issues, including organisations that are affected by welfare reform and those that can play a positive role in addressing the impact. The partnership monitors its performance and provides updates that feed into the Council's action plans.
- 121 The Council's action plans focus explicitly on mitigating the financial and operational impact of the reforms on individuals and agencies such as local housing associations. Planning is well-informed by data collected from tenants in order to understand the impact that the reforms have had and to try to mitigate their impact. In many cases, the data obtained is comprehensive and the Council has been able to use the process to help to provide more personalised advice and support such as the completion of a budgeting tool, providing advice on utility bills, and checking to ensure that all appropriate benefits are being claimed.

- 122 The Council has a comprehensive set of local indicators to measure the impact of its work and that of its partners in all areas of welfare reform. The Council and its partners are able to demonstrate that they generated additional welfare benefit and tax credit income for residents totalling £2.3 million in 2013-14, boosting household income and spending power within the local economy and positively supporting the tackling poverty agenda.
- 123 Welfare reform cuts across many different Council services and has many different impacts on a wide range of organisations and individuals. To be effective, therefore, the Council needs to ensure there is clear leadership on welfare reform with appropriate governance and accountability to support policymaking, enable effective scrutiny and hold services and the Cabinet to account. We found that officers and councillors in Flintshire are fully aware of the performance monitoring arrangements for welfare reform and they are clear about who is responsible for the various strands of activity. Regular updates to scrutiny committees provide members with the opportunity to oversee and challenge performance. The Council has also trained staff across a wide and appropriate range of services in order to increase their awareness of the key benefit changes and the wider community impact.
- 124 Despite the good progress in mitigating the effects of poverty, the Council's corporate performance measures for poverty contain little reference to the performance of the Housing Benefit and Council Tax Reduction Scheme service. This is a key service that helps over 12,000 low income households in Flintshire to pay their rent and Council Tax. An assessment of the quality of the administration of the Housing Benefit and Council Tax Reduction Scheme has the potential to further improve the Council's overall evaluation of its performance in tackling poverty among Flintshire's residents.
- 125 In 2013-14, the speed of processing Housing Benefit claims and the accuracy of assessments declined compared with the previous year. The average time taken by the Council to process new claims increased from an average of 16 days in 2012-13 to 20 days in 2013-14, even though there was no significant increase in the size of the caseload and the number of new claims has reduced as unemployment has fallen. Partly as a result of more stringent processes to identify errors, Internal Audit reports show that the accuracy in processing claims in Flintshire fell to 60 per cent.
- 126 The Council is attempting to maximise help from the UK Government for people faced with a shortfall in their Housing Benefit. Households experiencing a shortfall between benefit entitlement and rent can apply to the Council for a Discretionary Housing Payment (DHP). Flintshire Council has actively promoted DHP as an important source of funding to address the impact of the social housing size criteria. The UK Government allocates funding according to a formula. Councils that decide to top up the UK Government's allocation with their own funds receive a larger allocation the following year. Unlike most councils in the UK, the Council chose to spend more than its allocation in 2012-13, and therefore received an increase of £148,000 in its 2013-14 allocation, allowing it to help more people facing a shortfall in their rent.

- 127 The Council's second poverty sub-priority was to tackle fuel poverty. The Council has met or exceeded all of its 2013-14 service targets associated with this work, having previously developed a comprehensive set of local indicators to measure the impact of its work.
- 128 The Council helped residents in the private sector, working in partnership with neighbouring authorities (Wrexham, Denbighshire and Conwy councils) and housing associations, to launch a regional Energy Company Obligation (ECO) framework, initially focussed on social housing external wall insulation works. A total of 104 owner-occupied or private rented homes had insulation or heating works in 2013-14. In addition, the Affordable Warmth Fund was introduced through the Housing Renewal Strategy, leading to the improved insulation of 87 Council properties. In total, the Council secured over £1 million in 2013-14 in external grant funding for fuel efficiency schemes.
- 129 The Council has an ambitious programme for 2014-15 including large-scale gas infill projects in Aston and Mostyn which will help 223 Council tenant households to receive less expensive gas heating and potentially help a further 700 private sector households living in the gas catchment area.
- 130 Increasing awareness of how to avoid fuel poverty is an important strand of the Council's work to tackle fuel poverty. The Home Energy Conservation Team leads on Flintshire's Affordable Warmth Partnership, providing professional training and advice to people on good energy efficiency practice. The team advises tenants and the general public on grant availability, getting the best deal from energy suppliers, and the most effective potential improvements to properties in order to reduce fuel bills and help keep their homes warm. The Home Energy Team also designs and delivers training and education programmes to a wide variety of audiences in order to raise the profile and increase the uptake of energy efficiency measures.

The Council's performance in preventing homelessness has improved but there has been little progress in the length of time people spend in temporary accommodation

- 131 A further strand of the tackling poverty improvement priority focuses on preventing people from becoming homeless. As we reported last year in our Annual Improvement Report, councils across Wales are accepting fewer households as homeless. The situation in Flintshire continues to reflect this trend, despite an increase in the number of people seeking assistance since 2012. During 2013-14, the number of households accepted by the Council as homeless and in priority need was again one of the lowest in Wales. On average, fewer than 50 homeless households in the County were in temporary accommodation during the year.
- 132 In 2013-14, the Council's performance in taking action to prevent homelessness improved. The Council helped 85 per cent of potentially homeless households from becoming homeless during the year compared to 83 per cent in 2012-13. Council reports during 2014 indicate that performance has subsequently continued to improve.

- 133 The Council allocates homeless households to self-contained Council or private sector properties while a suitable permanent social housing property is identified and the homeless duty can be discharged. In some cases the household may be able to stay in the temporary accommodation and have it allocated permanently to reduce the upheaval of moving again.
- 134 The Council has set itself a challenging target that, by 2016, no homeless person will be in temporary accommodation for more than 12 months. However, the average time that homeless households spent in temporary accommodation in Flintshire has increased from 208 days in 2011-12 to 276 days in 2013-14. The Council attributes some of this deterioration to an increased demand for homes with fewer bedrooms from existing social housing tenants anxious to avoid rent arrears arising from cuts to their housing benefit because of the so-called 'bedroom tax'. This reduces the supply of smaller properties, which are also in demand from homeless households.
- 135 As part of its strategy to tackle homelessness the Council is taking action to ensure a sufficient supply of good quality, affordable homes. It set a target of 740 new affordable home completions between 2012 and 2017 and is on track to achieve this target following the recent completion of two extra-care housing schemes in Flint and Holywell and the reform of Housing Revenue Account Subsidy which, following its implementation in April 2015, will allow the Council to borrow funds in order to build new Council housing. In addition to its own efforts to provide affordable homes, the Council is working closely with partners to identify opportunities for increasing the future supply of affordable housing. In particular, the Council has recently established a Housing Company, North East Wales Homes, to help it meet its local housing strategy targets across a range of tenures.
- 136 The Council's housing improvement programme is on target to meet the Welsh Housing Quality Standard⁸ (WHQS) by 2020. Although only 24 Council homes (out of over 7,400 homes) in Flintshire were fully WHQS compliant by the end of 2013-14, the Council's performance against individual elements of the housing improvement programme has continued to improve. Many more homes are partially compliant because of the work already completed, allowing many tenants to benefit from homes that are more comfortable to live in and cheaper to run. For example, by the end of 2013-14, 53 per cent of kitchens, 50 per cent of bathrooms, 78 per cent of heating systems and 71 per cent of windows in the Council's housing stock met the standard.
- 137 The Council has worked well with its partners in the LSB to facilitate better sharing of information and referrals between partners and, in consequence, the better targeting of services. For example, a care and repair programme which provides services to people over the age of 60 and to adults with disabilities has increased the number of clients able to live independently. Another example includes the targeting of home fire-safety checks and the installation of smoke alarms in the homes of vulnerable people.

⁸ To meet the Welsh Housing Quality Standard, social housing must satisfy a range of criteria. For example, homes must be in a good state of repair, be safe and secure, have up-to-date kitchens and bathrooms and be adequately heated, fuel efficient and well insulated. All elements must meet the minimum acceptable standard for a house to be classified as WHQS-compliant.

The Council continues to make progress in improving the Welsh language capability of its staff but it recognises that progress is not consistent across the whole Council

- 138 The Welsh Language Commissioner has told us that there has been a small increase in the number of frontline Council staff who speak Welsh fluently. There has also been an increase in the number of staff who received Welsh language training since 2012-13, but the number remains lower than the numbers who received training in 2011-12 and 2010-11. There was a drop in the number of staff who received language awareness training. The Council had committed to ensuring that the entire workforce had completed a self-assessment of capability in Welsh by March 2014 but this has not yet been achieved.
- 139 The Council has introduced a new system in order to manage training more effectively. It has also reviewed the way in which Welsh language training is provided, in consultation with Menter Iaith Sir y Fflint. As a result, a new intensive programme will be introduced for beginners, supported by online learning and conversation practice sessions. Welsh Language Champions were appointed within the Community Services Directorate, prior to the introduction of the Council's new operating model, with the aim of identifying other champions throughout the Council and developing a Welsh Language Champions Forum during 2014-15.
- 140 The Council also plans to include Welsh language development needs within its new appraisal system. This positive feature has the potential to support the Council in meeting its Welsh Language Standards.

The Council's track record suggests that it is likely to respond positively to the internal and significant external challenges it faces and make arrangements to secure continuous improvement for 2015-16

- 141 In this final section of the report, the Auditor General gives his opinion on the likelihood that the Council will make arrangements to secure continuous improvement in the year ahead, in accordance with the requirements of the Measure.
- 142 We reached this conclusion based on the earlier findings within this report. In particular, we have reported that:
- a the Council made good progress against the improvement priorities we looked at but its performance against the national indicators declined slightly;
 - b despite some strengths and areas of progress, aspects of the Council's arrangements are not fully supporting decision-making and the delivery of the Council's agreed priorities; and
 - c the Council has taken significant strides forward in its use of resources but now needs to co-ordinate the elements more systematically in the face of future financial challenges.
- 143 In reaching our conclusion, we have also considered the Council's positive response to our early feedback on our work and the positive potential of its new operating model.
- 144 We would like to thank the Council's staff and elected members for their assistance during our Corporate Assessment.

Appendix 1 – Status of this report

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

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

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

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

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the Council 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 Council. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2 – Audit of Flintshire County Council’s 2014-15 Improvement Plan

Certificate

I certify that I have audited the 2014-15 Improvement Plan produced by Flintshire County Council (the Council) in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- a make arrangements to secure continuous improvement in the exercise of its functions;
- b make arrangements to secure achievement of its improvement objectives; and
- c make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided a Council meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council’s Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas

Auditor General For Wales

CC: Lesley Griffiths, Minister for Local Government and Government Business

Huw Lloyd Jones, Manager

Paul Goodlad, Performance Audit Lead

Appendix 3 – Audit of Flintshire County Council’s assessment of 2013-14 performance

Certificate

I certify that I have audited Flintshire County Council’s (the Council) assessment of its performance in 2013-14 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- a in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- b in meeting the improvement objectives it has set itself;
- c by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- d in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the audit

For the purposes of my audit work I will accept that, provided a Council meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Recommendations under the Local Government (Wales) Measure 2009

There are no recommendations arising from the audit of Flintshire County Council's assessment of 2013-14 performance.

Huw Vaughan Thomas
Auditor General for Wales

CC: Leighton Andrews, Minister for Public Services

Huw Lloyd Jones, Manager

Paul Goodlad, Performance Audit Lead

Appendix 4 – Annual Audit Letter – Flintshire County Council 2013-14

Councillor Aaron Shotton
Colin Everett
Flintshire County Council
County Hall
Mold
Flintshire
CH7 6NB

Dear Aaron and Colin,

Annual Audit Letter – Flintshire County Council 2013-14

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

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

It is the Council's responsibility to:

- a put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- b maintain proper accounting records;
- c prepare a Statement of Accounts in accordance with relevant requirements; and
- d 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:

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

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. On 30 September 2014, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of Flintshire County Council in my Audit of Financial Statements reports on 24 September 2014 and are summarised below:

- a Records relating to non-current assets are insufficiently detailed within the Council's asset register to allow the easy identification of individual assets across all asset categories. This has potential implications for both the accounting of assets and the existence and use of them. The Council were able to provide us with enough information to issue an unqualified opinion on the accounts, but the Council could usefully improve the quality of the asset register.
- b The Council continued to make improvements to the quality of its accounts although we identified some issues in respect of expenditure cut off (ie, accounting for transactions in the correct period) and classification of balances relating to deposits.
- c Based on legal advice available to it, the Council did not fully recognise a liability for pension contributions on its equal pay liabilities. This is contrary to legal advice received by the Appointed Auditor which suggests that pension contributions should be paid on payment to resolve equal pay claims. Given the diverging legal views and uncertainty regarding the need to recognise a provision, the Appointed Auditor concluded that he would not take any further action as part of the 2013-2014 audit of accounts.
- d Whilst we did not identify any specific issues, it is essential that the Council, in its role as the administering authority, continues to work closely with its Employer Bodies (including Flintshire, Wrexham and Denbighshire Councils as well as a number of smaller bodies) to ensure that pension fund membership records are up to date and accurately record data for active, deferred and pensioner records. This is important both for the individuals concerned and also to the Employer bodies in ensuring that they account for pension obligations correctly within their respective financial statements.

The Council is required to provide Whole of Government Accounts (WGA) under the HM Treasury's *Whole of Government Accounts (Designation of Bodies) Order*. The Council submitted its WGA return by the due date. We reviewed the return and identified no issues that we wish to draw to your attention.

It is also worth noting the Council lead on the preparation of the accounts of the North Wales Residual Waste Joint Committee and the Taith Regional Transport consortia. On 30 September I issued unqualified opinions on both sets of accounts confirming that they present a true and fair view of the respective Joint Committees' financial position and transactions. The key matters arising from the accounts audit were reported to the members of the respective Committees in my Audit of Financial Statements reports. I do not need to bring anything to your attention in this letter.

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

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. 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. This year, the Annual Improvement Report will include the findings of the Corporate Assessment undertaken in September 2014.

Prior to 2014-15 the Council has a track record of accurately identifying and meeting its budget shortfall on an annualised basis. In establishing its 2014-15 budget the Council put in place a major structural review to yield savings from corporate and functional efficiencies as well as organisational design which focussed on both structure and workforce. The Council currently projects that a good proportion of the planned savings are likely to be achieved, but the first phase of the Voluntary Redundancy Programme did not yield the anticipated savings and a second phase is currently being worked through. There is a residual risk that, if permanent savings cannot be identified, an underlying budget shortfall will be carried through to 2015-16 onwards, adding to the pressures in future years.

The Council continues to strengthen its financial planning arrangements but at the same time faces unprecedented levels of austerity. Following details of the Welsh Local Government settlement for 2015-16, the Council now faces a budget gap of £16.4 million in 2015-16. The gap may be exacerbated by the shortfall in 2014-15, resulting in the need for a level of cuts not previously encountered.

The Council, particularly through the collective work of both Cabinet and the new Chief Officer Team, is developing detailed three year service business plans which form the basis of the proposals to deal with this significant shortfall. However, the scale of the budget gap and the uncertainties that remain mean that the Council's ability to set a balanced and achievable budget for 2015-16 remains extremely challenging, as does the outlook for future years. I have previously expressed concern over the annualised nature of the financial planning, so it is positive to note that the Council's business plans will now form the basis of planning for 2016-17 and beyond, as well as 2015-16, and that this will be considered in the context of the 2015-16 budget.

I issued a certificate confirming that the audit of the accounts has been completed on 30 September 2013. I also issued a completion certificate for the Joint Committees on the same date.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2014-15 accounts or key financial systems

In September 2014, the Audit Committee considered my Certification of Grants and Returns 2012-13 report which confirmed that the Council has adequate arrangements in place for the preparation and submission of its grant claims. However, 65 per cent of claims were either amended and/or qualified and the Council needs to further strengthen its arrangements. To assist in this, and following the delivery of grants training to relevant officers, we issued Grants feedback memorandums for each claim to identify improvements in respect of individual grants.

My programme of audit work on the 2013-14 grant claims is currently underway and I will issue a more detailed report on my grant certification work in Spring 2015 once this year's programme of certification work is complete. I will be conducting follow up work to determine whether the areas of improvement identified in our 2012-13 feedback memorandums have been addressed.

The financial audit fee for 2013-14 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

John Herniman

For and on behalf of the Appointed Auditor

Wales Audit Office

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@wao.gov.uk

Website: www.wao.gov.uk

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: info@wao.gov.uk

Gwefan: www.wao.gov.uk