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Mr Paul Orders  
Chief Executive  
The City of Cardiff Council  
County Hall  
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Date 23 May 2016  
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Dear Paul

### **2016-17 Performance Audit Work and Fees**

Further to my letter of 16 March 2016 I am now in a position to confirm the programme of performance audit work at the City of Cardiff Council for 2016-17. This work is delivered under the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999 and the Public Audit (Wales) Act 2013.

The Auditor General for Wales has reviewed the existing local government performance audit programme in the light of the reform programme set out in the draft Local Government (Wales) Bill, taking into consideration that the Local Government (Wales) Measure 2009 will be extant, and that councils will be under an obligation to adopt the sustainable development principle from April 2016, as set out in the Well-being of Future Generations (Wales) Act 2015 (WFG Act).

As the draft Local Government (Wales) Bill proposes that the 2009 Measure will no longer apply to councils, we intend to minimise work that focusses on the process of improvement planning in favour of work that focusses on councils' capacity and capability to effect change whilst maintaining good governance.

However we will still need to satisfy audit requirements as the Measure remains in place for 2016-17. I can now confirm that we will do this through a basic audit check of your publications and will provide a certificate of compliance. I can also confirm that we will discharge our assessment requirements by undertaking three thematic reviews at all councils with the aim of providing assurance and insight as to where arrangements can support improvement and change, taking into account the requirements of the WFG Act. In addition to reporting to each council on their own arrangements, I will also publish

national summary reports, funded by the WPI grant, which will provide all-Wales overviews and signpost good practice and shared learning.

I also intend to leave some headroom within the fee structure for agreeing local risk-based work. As each of the thematic reviews will result in a local report, annual reporting will be by means of an annual letter providing summary highlights and linking to local reports.

In addition to the work outlined above, we will continue a programme of Local Government Studies as set out in the Auditor General's letter of 16 March 2016. These and the specific elements of our audit and assessment work are set out in the table below. Please note that each year's work programme and performance audit fee covers one cycle of Improvement Assessment work. However, as this work does not fit neatly within a period starting on 1 April and ending on 31 March, the delivery of the annual work programme may overlap financial years.

<b>WAO performance audit work 2016-17</b>	
<b>Improvement assessment work</b>	
<b>'Improvement Plan' Audit</b>	Audit of discharge of duty to publish an improvement plan.
<b>'Assessment of Performance' Audit</b>	Audit of discharge of duty to publish an assessment of performance.
<b>Financial Resilience review</b>	Councils are continuing to deal with austerity and an uncertain future. This review will seek to provide assurance that arrangements are focussed on maintaining resilience over the medium to long term.
<b>Governance review</b>	With the introduction of CIPFA's revised framework for 'Delivering good governance in local government', and the requirement for councils to adopt the sustainable development principle from April 2016, this review will provide councils with a baseline from which to plan improvements to governance.

<b>Transformation review</b>	This baseline review will examine how councils are approaching 'transformational change'.
<b>Local risk based work</b>	We will assess the Council's progress in addressing the recommendation and proposals for improvement contained in our Corporate Assessment Follow On review which was published in February 2016.
<b>Local Government Studies</b>	
<b>Addressing dependency and demand for public services through the development of effective prevention approaches</b>	In the last few years, Councils in Wales have developed a model of public service delivery based on a 'deficit approach' – focusing on problems, needs and deficiencies of individuals and communities, designing services to fill the gaps and fix the problems, leading to individuals and communities becoming both disempowered and dependent. This review will consider how councils are reducing demand for services focussing on alternative methods of delivery, will consider the impact of decisions specifically within deprived communities, and would include a critique of the Welsh Government Anti-Poverty Strategy.
<b>Strategic Commissioning</b>	The sharper focus on outcomes is leading to the reorientation of public services around a 'commissioning model'. The majority of service provider relationships are borne out of a desire to cut costs and improve service delivery, however the opposite can (and often does) occur. Many Local Authorities underestimate the complexities involved in establishing a strong service provider partnership from the outset. This study will look at

	how effective councils are at strategic commissioning.
<b>Improving joint work on housing and health</b>	Joint working between housing and health can reduce pressures on the NHS and improve an individual's overall wellbeing. It is widely recognised that the quality of housing and the surrounding neighbourhood are influential in shaping health and wellbeing at different points of people's lives. Given the critical role of housing in addressing health inequalities this review will consider how councils are working with health and housing bodies to deliver health improvements.

The table below sets out our indicative fee for performance audit work. The indicative fee for April 2016 to March 2017 is £108,774 and will be charged in equal instalments between April 2016 and March 2017. If during the course of the year any additional work is identified as being necessary, this may incur additional fees. Similarly should an issue arise of such importance that we consider a special inspection to be an appropriate response, we will charge an additional fee to conduct such an inspection.

<b>Fee April 2016 to March 2017</b>	<b>£</b>
Fee for WAO performance audit work	£108,774
<b>Total Fee</b>	

Should you wish to discuss any element of this work please do not hesitate to contact me or Non Jenkins (Non.Jenkins@audit.wales) or Chris Pugh (Chris.Pugh@audit.wales).

Yours sincerely



Alan Morris  
Director, Wales Audit Office