



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report 2015-16

## The City of Cardiff Council

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This Annual Improvement Report has been prepared on behalf  
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# Summary report

## About this report

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

## 2015-16 performance audit work

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

Project name	Brief description
Wales Audit Office: Financial Resilience Assessment	Review of the Council’s financial position and how it is budgeting and delivering on required savings, and following up issues highlighted in the 2014-15 financial position work.
Wales Audit Office: Annual ‘Improvement Plan’ Audit	Review of the Council’s published plans for delivering on improvement objectives in line with the requirements of the Measure.
Wales Audit Office: Annual ‘Assessment of Performance’ Audit	Review of the Council’s published performance assessment in line with the requirements of the Measure.
Wales Audit Office: Corporate Assessment Follow On	A follow-on from the Corporate Assessment reported in September 2014 to assess the Council’s progress against the Proposal for Improvement made.
Estyn: Evaluation of schools performance	A review of the performance across a range of areas of schools within the Council.
Estyn: Final monitoring visit	An assessment of the Council’s progress against recommendations made following a monitoring visit in February 2014.
CSSIW: Annual Review and Evaluation of Performance	An evaluation of the Council’s performance in delivering its social services functions.
CSSIW: Inspection of Children’s Services	An inspection of Children’s Services looking at the access arrangements for children and young people and their families who were either referred for care and support or where information was received about children’s well-being.
HM Inspectorate of Probation	A full joint inspection of Youth Offending work in Cardiff.
Wales Audit Office National reports	<ul style="list-style-type: none"> <li>• The financial resilience of councils in Wales</li> <li>• Community safety partnerships</li> <li>• Income generation and charging</li> <li>• Council funding of third sector services</li> </ul>

**Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure during 2016-17 providing that it fully embeds arrangements to support improved outcomes and maintains the current pace of improvement**

6 The Auditor General has reached this conclusion because:

- a Our Corporate Assessment Follow On report published in February 2016 concluded that the Council had put in place better arrangements to support improvement and to address longstanding issues, but it was now at a critical point in embedding them if it is to achieve a step change in delivering improved outcomes.
- b The Council did not meet the requirements of the Measure in respect of its assessment of its 2014-15 performance. Its Improvement Report published in October 2015 did not assess how progress had contributed to the success of achieving its 2014-15 improvement objectives. Our certificate is contained in [Appendix 3](#).
- c Our Financial Resilience Assessment reported that the Council had improved its arrangements for financial planning and has sound financial control and governance arrangements, but now needs to develop robust plans to support the timely delivery of its savings proposals.
- d The CSSIW published in its October 2015 Annual Review and Evaluation of Performance that the Council continued to face significant challenges in social services as some key areas of performance still require improvement, although it is moving in the right direction.
- e Estyn reported in March 2016 that the Council had made sufficient progress in relation to the recommendations arising from its monitoring visit in 2014, and it was no longer in need of significant improvement. Estyn removed the Council from follow up activity.
- f The CSSIW's inspection of Children's Services reported in March 2016 that the Council was committed to prioritising services that support the most vulnerable, but had to deliver this against a backdrop of declining budgets and increasing demand.
- g The Council met the requirements of the Measure in publishing its 2016-17 Improvement Plan. Our certificate is contained in [Appendix 2](#).

- 7 The Council is now at a critical point and must ensure that it continues to embed its improved arrangements consistently to secure a step change in improved outcomes by the end of this year.
- 8 In response to our Corporate Assessment Follow On report, the Council prepared an action plan to address our recommendation, and associated proposals for improvement. During 2016-17, we will assess the Council's arrangements for demonstrating its progress in addressing the recommendation and proposals for improvement contained in our Corporate Assessment Follow-on Report.

## Recommendations and proposals for improvement

- 9 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
  - 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 The formal recommendations made by the Auditor General during the course of the year are set out below. Authorities must prepare a response within 30 working days of receiving them. Lower-priority issues, known as proposals for improvement, are contained in our other reports but may be referred to later on in this report. We will continue to monitor both the Auditor General's recommendations and proposals for improvement during the course of our improvement assessment work.

### Recommendation – Corporate Assessment Follow-on (published February 2016)

- R1 The Council must ensure that it addresses the proposals for improvement as set out in this report to deliver improved outcomes within the next 12 months.

**The Council responded with an action plan to address this recommendation and the proposals for improvement contained within the report. We will assess the Council's arrangements for demonstrating its progress during our improvement assessment work in 2016-17.**

**Recommendation – Certificate of Compliance for the Audit the City of Cardiff Council's assessment of 2014-15 performance (issued November 2015)**

R2 The Council must ensure that its annual improvement report contains a summary assessment of the Council's view of its success in achieving its improvement objectives for the year.

**The Council responded with confirmation that future improvement reports would include a summary assessment of the Council's view of its success in achieving its improvement objectives. In response, the Council also published a separate self-assessment in respect of its performance in achieving its 2014-15 improvement objectives.**

**We will audit the Council's 2015-16 Annual Improvement Report in November 2016.**

- 11 Areas for Improvement (AFIs) made by Estyn and recommendations made CSSIW and HM Inspectorate of Probation during the course of the year are set out below.

**CSSIW's Performance Evaluation Report 2014-15**

**AFI1**

- Timeliness of completing reviews of older people's care needs.
- Implementation of a quality element in the commission of residential care.
- Increase capacity in the delivery of domiciliary care.
- Improve performance in reducing delayed transfers of care.
- Continue to increase the number of direct payments to the people of Cardiff.

**AFI2**

- Continue to increase the uptake of direct payments.
- Continue to increase the number of permanently appointed social workers.
- Improve performance in completing personal education plans.
- Recruitment of personal advisers.
- Completion of initial and core assessments.

**AFI3**

- To maintain a sustainable management structure.
- Appoint to the posts of assistant director.
- Continue to meet the challenges of the Social Services and Wellbeing Act.

## **CSSIW's Inspection of Children's Services**

### **Providing Direction**

- R1 Strong political and corporate support for children's services should be continued in order to achieve the Council's vision for children and young people in Cardiff, while continuing to manage the consistent high volume of demand on statutory services.
- R2 The council must strengthen the operational plans to support the effective co-ordination of the remodelling of children's services and its interface with the Early Help Strategy.
- R3 The council should assure itself that arrangements for accommodation and 'agile working' which it was planning to implement will support effective social work.

### **Delivering Social Services**

- R4 The workforce strategy should be fully implemented to maximise retention of staff and action taken to promote more timely recruitment of staff.
- R5 The council should consider how it can increase the opportunities for staff to be engaged in the development and transformation of services; and for the voices of children and their families to be included in service planning.
- R6 Staff must have the capacity to complete the training which has been identified to support their professional development.
- R7 The quality assurance framework should be systematically implemented across children's services. This should include management oversight of the quality and frequency of supervision.

### **Shaping Services**

- R8 The council must review its arrangements to ensure services can meet the needs of children and young people, particularly for those being subjected to domestic violence.
- R9 A timely review of the effectiveness and the impact on outcomes for people of the remodelling of children's services and its interface with the Early Help Strategy should be included in the planning arrangements.

### **Access Arrangements**

R10 A range of user-friendly information should be developed and made easily accessible for families, children and young people not only with respect to signposting to preventative services but also how children's services carries out its work.

R11 The council must develop more effective arrangements to ensure that the needs of children and young people are assessed if contacts and referrals about their well-being are repeated.

R12 The council must work with partners to agree a shared understanding of the threshold for statutory services.

R13 Careful consideration should be given to how the current effective interface between 'children's access point and the intake and assessment teams' is maintained when the remodelling of the service is implemented.

R14 Arrangements for children's services staff to access information held on parents who are users of adult services should be reviewed.

R15 The 'out of hours' arrangements for the completion of 'welfare checks' on children and young people should be agreed with partner agencies.

### **Assessment Care Management**

R16 The quality of plans should be improved to be more outcome-focused and reflect the needs identified in the assessments.

R17 Work to agree a model of risk assessment should be completed with a strong focus on consistency in risk management.

R18 More emphasis should be given to recording the views of children, young people and their families.

R19 The council should review the use of written agreements with families which should only be used within safeguarding or public law outline arrangements. Guidance for social workers and managers for their use should be developed.

## **HM Inspectorate of Probation's Full Joint Inspection of Youth Offending Work**

**The Chair of the Youth Offending Service Management Board should ensure that:**

- R1 Governance arrangements, at all levels, provide appropriate support, scrutiny and challenge to the work of the Youth Offending Service and its outcomes.
- R2 The work of the Youth Offending Service is targeted, meets local need, and is driven by a clear strategy and effective delivery plan.
- R3 There is sufficient access to Child and Adolescent Mental Health Services.
- R4 There is sufficient exchange of information between the Youth Offending Service and the police service.

**The Youth Offending Service Manager should ensure that:**

- R5 The planning and review of work to manage the risk of harm posed to others is of sufficient quality.
- R6 The planning and review of work to manage the safeguarding and vulnerability of children and young people is of sufficient quality.
- R7 There is effective management oversight of the quality of work to manage risk of harm to others, and the safeguarding and vulnerability of children and young people.
- R8 The Youth Offending Service meets fully the needs of Welsh speakers, and promotes the value of Welsh as an employment skill.

# Detailed report



# Corporate Assessment Follow On

The Council has put in place better arrangements to support improvement and to address longstanding issues, but it is now at a critical point in embedding them if it is to achieve a step change in delivering improved outcomes

- 12 We reported our Corporate Assessment of the Council in September 2014, and continued to monitor the Council's progress during 2014-15 and 2015-16. In February 2016, we published our Corporate Assessment Follow On report which concluded that; 'The Council has put in place better arrangements to support improvement and to address longstanding issues, but was now at a critical point in embedding them if it is to achieve a step change in delivering improved outcomes'.
- 13 We reached this conclusion because:
  - a overall, the Council had responded positively to the Corporate Assessment findings, and put better arrangements in place to support improvement and address longstanding issues; and
  - b the Council is now at a critical point in ensuring that improved arrangements are embedded and implemented consistently and constructively across the organisation in order to achieve a step change in delivering improved outcomes.
- 14 Our Corporate Assessment Follow On report made one formal recommendation which was that: 'The Council must ensure that it addresses the proposals for improvement as set out in this report to deliver improved outcomes within the next 12 months.' The 14 proposals for improvement in the Corporate Assessment Follow On report related to the following areas
  - a Leadership and Management
  - b Governance
  - c Performance Reporting
  - d Corporate Enablers
- 15 The full [Corporate Assessment Follow On report](#) can be obtained from the Wales Audit Office website.
- 16 The Council responded constructively to the Corporate Assessment Follow on report and prepared a [statement of action](#) to address the recommendation made and its associated proposals for improvement. The statement of action was resolved at the Council's Cabinet meeting on 21 March 2016, and can be obtained from the Council's website.
- 17 During 2016-17, we will continue to assess the Council's arrangements for demonstrating its progress in addressing the recommendation and proposals for improvement contained in our Corporate Assessment Follow-on Report.

# Performance

## Audit of the City of Cardiff Council's 2016-17 Improvement Plan

- 18 On 29 April 2016 we issued a certificate confirming that the Council had discharged its duties under section 15(6) to (9) of the Local Government Measure and had acted in accordance with Welsh Government guidance sufficiently to discharge its duties. Our certificate is contained in [Appendix 2](#).

## Certificate of compliance for the Audit of the City Of Cardiff Council's assessment of 2014-15 performance

- 19 On 13 November 2015, we issued a certificate of Compliance for the Audit of the City of Cardiff Council's assessment of 2014-15 performance. The certificate confirmed that the Council had not discharged its duties under sections 15(2), (3), (8) and (9) of the Measure. Our certificate is contained in [Appendix 3](#).
- 20 The Auditor General made the following recommendation when issuing the assessment of 2014-15 performance certificate of compliance: 'The Council must ensure that its annual improvement report contains a summary assessment of the Council's view of its success in achieving its improvement objectives for the previous year.'
- 21 Whilst the Council's Improvement Report 2014-15 published in October 2015 set out its eight improvement objectives, it did not contain an assessment of its success in achieving these. The Council's Improvement Report 2014-15 instead assessed performance against the delivery of actions contained within its Corporate Plan 2014-17.
- 22 The Council responded constructively to our recommendation and in January 2016 published an additional report [The Report on Our Improvement Objectives](#) containing an assessment of the Council's view of its success in achieving its 2014-15 improvement objectives. This can be obtained from the Council's website.
- 23 We will review the Council's 2015-16 performance assessment in November 2016.

## Estyn's evaluation of school performance

- 24 Estyn undertook a review of school performance within the Council for 2015-16 and identified the following:
- The proportion of pupils eligible for free school meals in Cardiff was higher than the Wales average. This was taken into account when evaluating the performance of the Council.
  - Performance in the Foundation Phase indicator and key stage 2 core subject indicator had improved steadily over the last four years and was now broadly in line with the Wales average.

- c At key stage 3, performance in the core subject indicator also remained broadly in line with the Wales average.
- d At key stage 4, performance in the level 2 threshold including English or Welsh and mathematics had improved at a faster rate than the Wales average and in 2015, and for this measure, met or slightly exceeded the benchmarks for performance set by the Welsh Government over the last three years. Performance in the capped points score was improving at a slower rate than the Wales average and the authority had not met the Welsh Government benchmarks for this measure for the last three years.
- e The performance of pupils eligible for free school meals had improved and was now broadly in-line with the Wales average across the majority of the main indicators. However, at level 2, level 1 and the capped points score, performance was worse than the Wales average.
- f Attendance at secondary schools remained at the same level in the past two years and is in-line with the Wales average. Primary school attendance is slightly higher than the Wales average.

**Estyn reported that the Council had made sufficient progress in relation to the recommendations arising from its monitoring visit in 2014, and it was no longer in need of significant improvement**

- 25 Following its monitoring visit in February 2014, Estyn made six recommendations to the Council:
- a raise standards, particularly at key stage 4;
  - b reduce exclusions and reduce the proportion of young people who are not in education, employment or training post-16;
  - c make sure that the arrangements for delivering school improvement services challenge and support all schools effectively, in order to improve standards for learners in all key stages;
  - d improve the effectiveness of joint planning across the range of partnership working;
  - e improve performance management processes to ensure a consistent approach in delivering objectives; and
  - f improve the scrutiny of local education services.

- 26 During January 2016 Estyn undertook its final monitoring visit to assess the Council's progress against the six recommendations made in February 2014. Following the final monitoring visit, Estyn concluded that the Council had made satisfactory progress in addressing all of the recommendations. As a result, Estyn reported that the Council was no longer in need of significant improvement, and removed it from follow-up activity. Estyn's [final outcome letter](#) published in March 2016 is available on its website.

**CSSIW reported that the Council continues to face significant challenges in social services as some key areas of performance still require improvement, although the Council is moving in the right direction**

- 27 The CSSIW published its [Annual Review and Evaluation of Performance 2014-15](#) in October 2015 and this is available on its website.
- 28 The CSSIW reported that the Council continued to face significant challenges in transforming services in light of increasing demand and financial pressures, alongside preparing for the implementation of the Social Services and Well Being (Wales) Act. The reorganisation of the corporate leadership team saw a further planned change at senior management level being implemented. Changes to the role of the director for social services should bring more clarity and cohesion to the delivery of services across the Council.
- 29 The Director's annual report presented a clear picture of the challenges and areas of progress made within the directorate over the past year. Clear aims were set for delivering improvements over the coming year.
- 30 Performance indicators demonstrated some key areas of performance still required improvement, although the Council is moving in the right direction. In adult services improvements were required in reducing the number of people waiting for hospital discharge. In children's services there was an increase in the number of children being looked after by the Council. Performance in the area of intake and assessment needed continued improvement.
- 31 Undertaking a strategic overview of services enabled the Council to begin to plan for changes within the department. Planned appointments for the posts of assistant director children's services and assistant director adult services should enable the directorate to:
- a take up the strategic challenge it faces in responding to the delivery of the Social Services and Wellbeing Act;
  - b promotion of integrated services with health and the Vale of Glamorgan;
  - c management of new models of care; and
  - d the promotion of service users' well-being in ever-increasing financial restraint.

- 32 There remained strong corporate support for the delivery of social services and efforts have been made to protect the social services budget as far as possible. The Council had ensured that elected members were briefed and understood the implications of the Social Services and Wellbeing (Wales) Act 2014.
- 33 There remained good corporate understanding of the challenges facing the department and the difficulties it faced in its efforts to provide services to the most vulnerable.

**CSSIW undertook an inspection of Children's Services and found that the Council was committed to prioritising services that support the most vulnerable, but had to deliver this against a backdrop of declining budgets and increasing demand**

- 34 In January 2016, the CSSIW undertook an [Inspection of Children's Services](#) and the report is available on its website. The inspection looked at the access arrangements for children and young people and their families who were either referred for care and support or where information was received about children's well-being. The inspection included reviewing the effectiveness of the interface between preventative and statutory provision, but there was no focus on services for disabled children. The CSSIW considered the quality of outcomes achieved for children and families who received a service.
- 35 The CSSIW inspection reported in March 2016, and concluded that there was a clear strategic direction for children's services and a high level of confidence in leadership arrangements. Staff morale was generally positive and the senior management team were well regarded by staff.
- 36 There was strong corporate support for children's services which had a high profile across the Council. Elected members and the corporate management team demonstrated a common understanding of the direction and drive needed to ensure the service effectively supported improved outcomes for children and young people.
- 37 Corporate and senior officers evidenced good strategic preparation for the impending implementation of the Social Services and Well-being (Wales) Act 2014. Senior managers were able to articulate how the remodelled services and the early help strategy would deliver the intended outcomes for young people.
- 38 The timeliness for managing contacts and referrals had improved in the first two quarters of 2015-16 but remained an area for progress. The recording of previous history of multiple contacts was inconsistent and did not support effective risk assessment.

- 39 The quality of initial assessments seen was good, with appropriate decision-making and records clear and up to date. A good range of information had been used to develop the analysis of need, but it was not always evident that the child had been seen.
- 40 Children and young people who were, or were likely to be, at risk of harm were identified and work was appropriately undertaken to help keep them safe. The arrangements for child protection enquiries and investigations including those which were outside working hours were timely and effective.
- 41 The arrangements for access to children's services were well organised and mainly effective. Timeliness for decision making on referrals in one working day stood at 83 per cent for 2014-15, and the 28,354 contacts screened during the year resulted in 4,195 referrals. The threshold to statutory services was relatively high but there was timely appropriate response to concerns about children or young people who might be at risk. It appeared that the high number of repeat contacts will only be reduced if there are sufficient preventive services to effectively support families sooner.

# Use of resources

## Audit of the Council's accounts

- 42 On 23 November 2015, the Auditor General issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's, Group's and the Pension Fund's financial position and transactions. The Annual Audit Letter can be found in [Appendix 4](#) of this report.

**The Council had improved its arrangements for financial planning and has sound financial control and governance arrangements, but now needs to develop robust plans to support the timely delivery of its savings proposals**

- 43 During the period May to October 2015 we undertook a review of the Council's financial resilience, following up issues highlighted in the 2014-15 financial position work. The focus of the work was on the delivery of 2014-15 savings plans, and the 2015-16 financial planning period.
- 44 We reported in March 2016 that the Council had improved its arrangements for financial planning and had sound financial control and governance arrangements, but now needed to develop robust plans to support the timely delivery of its savings proposals.
- 45 In reaching our conclusion, we reported the following findings:
- a the Council had improved its financial planning arrangements, and has a track record of operating within its overall budget, but has not delivered all of its in-year planned savings;
  - b the Council had sound financial control arrangements in place; and
  - c the Council had sound financial governance arrangements in place.
- 46 The Council's Audit Committee received our [Financial Resilience Assessment report](#) in June 2016 and the full report can be found on the Council's website.

# Governance

- 47 During 2015-16, our governance-related work was undertaken as part of the Corporate Assessment Follow On, which is reported separately above. The full [Corporate Assessment Follow On Report](#) is available on our website.

**HM Inspectorate of Probation Cardiff Youth Offending Service had experienced staff, but there was scope for improvement in its work with children and young people and leadership and oversight needed strengthening**

- 48 In May 2016, HM Inspectorate of Probation reported on its [Full Joint Inspection of Youth Offending Work](#) at the Council, and the report is available on its website. The Council was inspected primarily because its performance showed the lowest three-month and 12-month reconviction performance in Wales over a sustained period. The reoffending data showed a decrease from the previous year to 41.8 per cent but was still higher than the latest average figure for England and Wales at 37.9 per cent. Reoffending frequency rates and the use of custody were also decreasing but still above the England and Wales average.
- 49 The joint inspection of youth offending work in Cardiff was one of a small number of full joint inspections undertaken by HM Inspectorate of Probation with the criminal justice, social care, education and health inspectorates. Inspectors focused on six key areas: reducing reoffending, protecting the public, protecting children and young people, ensuring the sentence is served, the effectiveness of governance and court work and reports.
- 50 Inspectors were pleased to find that:
- a Work to reduce reoffending was satisfactory. Inspectors found good quality work in custodial sentences and in managing the transfer of cases to adult probation services. There was little evidence of work with victims or restorative justice work.
  - b Work to protect the public and actual or potential victims was satisfactory. Reports to court gave clear explanations of the risk children and young people posed to others. Case managers had a good understanding of policies and procedures to manage risk of harm, but management oversight was insufficient.
  - c Work to protect children and reduce their vulnerability was satisfactory. Initial assessments of safeguarding and vulnerability were good, but the quality of planning to address vulnerability was insufficient. There was good liaison and joint working with Children's Services but limited access to Child and Adolescent Mental Health Services.

- d Work to ensure that the sentence was served was satisfactory. Staff had a good knowledge of, and interest in, the children and young people they worked with. In some cases restrictive requirements in criminal behaviour orders ran the risk of further criminalising the child.
  - e The management and delivery of interventions to reduce reoffending was satisfactory. Staff were delivering and planning services to a high standard. There was a well-established junior attendance centre fully integrated within the Youth Offending Service. There was no overarching strategy or policy to determine the range and content of provision.
- 51 Inspectors were, however, concerned to find that the effectiveness of governance and partnership arrangements was unsatisfactory. A previous lack of effective leadership had weakened the Youth Offending Service Management Board. There was minimal use of performance data and local information to target service delivery and improve outcomes.
- 52 Inspectors made recommendations to assist the Youth Offending Service to make continuing improvements, including ensuring governance arrangements at all levels provide appropriate support, scrutiny and challenge to the work of the Youth Offending Service and its outcomes.

# Appendix 1 – Status of this report

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

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

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

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

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

# Appendix 2 – Audit of the City of Cardiff Council’s 2016-17 Improvement Plan

## Certificate

I certify that, following publication on 7 April 2016, I have audited the City of Cardiff Council’s Improvement Plan 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:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- 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 an authority 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: Non Jenkins, Manager  
Chris Pugh, Performance Audit Lead

# Appendix 3 – Audit of the City of Cardiff Council’s assessment of 2014-15 performance

## Certificate

I certify that, following publication on 20 October 2015 I have audited the City of Cardiff Council’s (the Council’s) assessment of its performance in 2014-15 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 not discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has not 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:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- 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 an authority 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**

The Council must prepare a statement of action and a timetable for taking action in response to this statutory recommendation within 30 working days of receiving this certificate.

- R1 The Council must ensure that its annual improvement report contains a summary assessment of the Council's view of its success in achieving its improvement objectives for the previous year.

Huw Vaughan Thomas  
Auditor General For Wales

CC: Leighton Andrews, Minister for Public Services  
Non Jenkins, Manager  
Chris Pugh, Performance Audit Lead

# Appendix 4 – 2014-15 Annual Audit Letter

Councillor Phil Bale  
Leader Cardiff Council  
County Hall  
Atlantic Wharf  
Cardiff  
CF10 4UQ

Dear Councillor Bale

## **Annual Audit Letter – City of Cardiff Council 2014-15**

This letter summarises the key messages arising from the Auditor General for Wales' statutory responsibilities under the Public Audit (Wales) Act 2004 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:

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

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

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

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

On 29 September 2015 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's, Group'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 the Audit Committee and Council in my Audit of Financial Statements Report on 16 and 24 September 2015 respectively, and a more detailed report to officers has also been issued.

Overall the statement of accounts and associated working papers provided for audit were of a good standard although the audit process took longer than it has in previous years, with a contributory factor being the number of experienced staff leaving the Council and officers having to take on new roles at a crucial time in the audit process. We will work with officers to improve the closure process from both our and the Council's perspective in 2015-16. One of the more significant issues noted in my Audit of Financial Statements Report related to the incorrect capitalisation of some revenue expenditure on Council Dwellings. Whilst the amounts involved were not material to my audit opinion this is an important issue that needs to be addressed going forward.

**I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources but areas for improvement have been identified**

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.

Overall, I am satisfied there are no issues that would impact on the unqualified audit opinion given on the 2014-15 statement of accounts. However, a number of issues were raised in last year's Annual Improvement Report and Corporate Assessment 2014. The main conclusion of the report was that 'fragmented leadership and management have meant that weak performance in key service areas has not improved'. Given the findings of the report and the work that the Council had already started to address these issues, it was agreed that a follow on review would be undertaken in 2014-15 with progress monitored throughout this period. The findings of this work, due to be reported by the end of the year, will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where further improvements could be made. It is vital that the Council addresses any issues raised if it is to achieve improved performance.

The extremely challenging financial position faced by all local government bodies in Wales continues, with the Council projecting a £117 million shortfall over the period 2016-17 to 2018-19. The Council has acknowledged that it needs to consider fundamental changes in the way it operates and delivers its services and that difficult decisions will need to be made to meet the funding gap. It is recognised that effective financial

management has a high profile throughout the Council at both officer and member level but the focus now must be on delivering agreed savings proposals to ensure the Council remains financially resilient in the future.

**I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2015**

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

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

The financial audit fee for 2014-15 was in line with the agreed fee set out in the 2015 Audit Plan.

Yours sincerely

**Ann-Marie Harkin**

For and on behalf of the Auditor General for Wales

23 November 2015

# Appendix 5 – National report recommendations 2015-16

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

Date of report	Title of review	Recommendation
April 2015	The financial resilience of councils in Wales	<p>R8 Councils must review their finance teams and ensure that they have sufficient capacity and capability to meet future demands.</p> <p>R9 Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.</p>
June 2015	Achieving improvement in support to schools through regional education consortia – an early view.	<p>R1 To clarify the nature and operation of consortia. We found there to be continuing uncertainty about some aspects of the nature of regional consortia and their present and future scope (<a href="#">paragraphs 2.2 to 2.20</a>). We therefore recommend:</p> <ul style="list-style-type: none"> <li>Local authorities should clarify whether consortia services are jointly provided or are commissioned services (services provided under joint-committee arrangements are jointly provided services and are not commissioned services).</li> </ul> <p>R2 To focus on outcomes through medium-term planning. We found that the development of effective regional consortia was hindered by a focus on short-term actions and uncertainty about the future of consortia (<a href="#">paragraphs 2.33 to 2.36; 3.16 to 3.17</a>). We therefore recommend:</p> <ul style="list-style-type: none"> <li>As any possible local authority re-organisation will not be fully implemented until 2020, the Welsh Government and regional consortia should develop three-year plans for the further development, scope, and funding of regional consortia linked to appropriate strategic objectives.</li> </ul>

Date of report	Title of review	Recommendation
June 2015	Achieving improvement in support to schools through regional education consortia – an early view.	<p>R3 To develop more collaborative relationships for the school improvement system. The development of the National Model for Regional Working involved many school improvement partners but we found that this had not led to the development of sufficiently collaborative relationships (<a href="#">paragraphs 2.25 to 2.32</a>). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• Regional consortia should develop improved arrangements for sharing practice and supporting efficiency (for example, one consortium could take the lead on tackling an issue or have functional responsibility for the development of a policy).</li> <li>• The Welsh Government, local authorities and regional consortia should recognise the interdependency of all partners fulfilling their school improvement roles and agree an approach to: <ul style="list-style-type: none"> <li>– information sharing and consultation about developments related to school improvement;</li> <li>– developing collaborative relationships of shared accountability; and</li> <li>– undertaking system wide reviews, and an alignment of the understanding and position of regional consortia across all Welsh Government relevant strategies.</li> </ul> </li> </ul> <p>R4 To build effective leadership and attract top talent. Regional consortia, local authorities and the Welsh Government have all found difficulties in recruiting to senior leadership for education and we found there had been limited action to address this (<a href="#">paragraphs 2.37 to 2.40</a>). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• the Welsh Government and local authorities should collaborate to improve the attractiveness of education leadership roles to attract the most talented leaders for the school improvement system; and</li> <li>• local authorities should collaborate to support the professional development of senior leaders and to ensure appropriate performance management arrangements are in place for senior leaders.</li> </ul>

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

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

Date of report	Title of review	Recommendation
July 2015	<b>Review of Corporate Safeguarding Arrangements in Welsh Councils</b>	<p>R5 In revising guidance, the Welsh Government should clarify its expectations of local authorities regarding the roles and responsibilities of the designated officer within education services, and the named person at senior management level responsible for promoting the safeguarding.</p> <p>R6 Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and Council-wide set of performance information covering:</p> <ul style="list-style-type: none"> <li>• benchmarking and comparisons with others;</li> <li>• conclusions of internal and external audit/inspection reviews;</li> <li>• service-based performance data;</li> <li>• key personnel data such as safeguarding training, and DBS recruitment checks; and</li> <li>• the performance of contractors and commissioned services on compliance with Council safeguarding responsibilities.</li> </ul> <p>R7 Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the Council's safeguarding practices.</p> <p>R8 Ensure the risks associated with safeguarding are considered at both a corporate and service level in developing and agreeing risk management plans across the Council.</p>

Date of report	Title of review	Recommendation
October 2015	<b>Supporting the Independence of Older People: Are Councils Doing Enough?</b>	<p>R1 Improve governance, accountability and corporate leadership on older people's issues through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for coordinating and leading the Council's work on older people's services;</li> <li>• realigning the work of the older people's strategy coordinators to support development and delivery of plans for services that contribute to the independence of older people;</li> <li>• the appointment of a member champion for older people's services; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul> <p>R2 Improve strategic planning and better coordinate activity for services to older people by:</p> <ul style="list-style-type: none"> <li>• ensuring comprehensive action plans are in place that cover the work of all relevant council departments and the work of external stakeholders outside of health and social care; and</li> <li>• engaging with residents and partners in the development of plans, and in developing and agreeing priorities.</li> </ul> <p>R3 Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.</p> <p>R4 Ensure effective management of performance for the range of services that support older people to live independently by:</p> <ul style="list-style-type: none"> <li>• setting appropriate measures to enable Members, officers and the public to judge progress in delivering actions for all council services;</li> <li>• ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and</li> <li>• establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny.</li> </ul>

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

Date of report	Title of review	Recommendation
December 2015	<b>Delivering with less - Leisure Services</b>	<p>R1 Improve strategic planning in leisure services by:</p> <ul style="list-style-type: none"> <li>• setting an agreed council vision for leisure services;</li> <li>• agreeing priorities for leisure services;</li> <li>• focusing on the Council's position within the wider community sport and leisure provision within the area; and</li> <li>• considering the potential to deliver services on a regional basis.</li> </ul> <p>R2 Undertake an options appraisal to identify the most appropriate delivery model based on the Council's agreed vision and priorities for leisure services which considers:</p> <ul style="list-style-type: none"> <li>• the availability of capital and revenue financing in the next three-to-five years;</li> <li>• options to improve the commercial focus of leisure services;</li> <li>• opportunities to improve income generation and reduce council 'subsidy';</li> <li>• a cost-benefit analysis of all the options available to deliver leisure services in the future;</li> <li>• the contribution of leisure services to the Council's wider public health role;</li> <li>• better engagement with the public to ensure the views and needs of users and potential users are clearly identified;</li> <li>• the impact of different options on groups with protected characteristics under the public sector equality duty; and</li> <li>• the sustainability of service provision in the future.</li> </ul>

Date of report	Title of review	Recommendation
December 2015	<b>Delivering with less - Leisure Services</b>	<p>R3 Ensure effective management of performance of leisure services by establishing a suite of measures to allow officers, Members and citizens to judge inputs, outputs and impact. This should cover council-wide and facility specific performance and include:</p> <ul style="list-style-type: none"> <li>• capital and revenue expenditure;</li> <li>• income;</li> <li>• council 'subsidy';</li> <li>• quality of facilities and the service provided;</li> <li>• customer satisfaction;</li> <li>• success of 'new commercial' initiatives;</li> <li>• usage data – numbers using services/facilities, time of usage, etc; and</li> <li>• impact of leisure in addressing public health priorities.</li> </ul> <p>R4 Improve governance, accountability and corporate leadership on leisure services by:</p> <ul style="list-style-type: none"> <li>• regularly reporting performance to scrutiny committee(s);</li> <li>• providing elected Members with comprehensive information to facilitate robust decision-making;</li> <li>• benchmarking and comparing performance with others; and</li> <li>• using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.</li> </ul>

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