
WALES AUDIT OFFICE: ANNUAL IMPROVEMENT REPORT 2014-15

Reason for this Report

1. To provide an opportunity for the Committee to consider the Wales Audit Office Annual Improvement Report 2014-15, and the Auditor General for Wales' judgement in respect of Cardiff Council.

Background

2. Each year, the Auditor General is required to audit the improvement planning and reporting arrangements of all Welsh councils to assess whether each authority will meet statutory continuous improvement duties.
3. In addition, the Auditor General undertakes an in-depth corporate assessment of each authority on a cyclical basis (currently at least once every four years). In the intervening years, in addition to audits of improvement planning and reporting, the Wales Audit Office, on behalf of the Auditor General, will keep track of developments, and focus further assessment work on a number of key themes, developed in discussion with each authority.
4. This Annual Improvement Report summarises the audit work undertaken within Cardiff Council since the last such report was published in September 2014, when it was combined with the Council's Corporate Assessment. That Assessment concluded that *'fragmented leadership and management*

meant that weak performance in key services areas had not improved'. This will be revisited during the 'Follow on Corporate Assessment' inspection planned for September and October 2015.

5. This current Annual Improvement Report includes a summary of the key findings from reports issued by 'relevant regulators', namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner. 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.

Wales Audit Office Findings

6. The Auditor General sets out in the WAO Annual Improvement Report 2014/15 that he '*believes that it is uncertain whether the Council is likely to comply with the requirements of the Measure during 2015-16*'. Whilst the Auditor General states that this is not a definitive diagnosis of organisational health or a prediction of future success it provides 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.
7. Attached at **Appendix A** is the Wales Audit Office Annual Improvement Report 2014-15.
8. As the publication of the Auditor General's Report co-incides with the preparations for the Corporate Assessment Follow-on Inspection the Council needs to be clear about the steps that it has taken to make the improvements highlighted in this Report.

9. The Auditor General made four proposals for improvement in his Annual Improvement Report issued as part of the previous Corporate Assessmentⁱ published in September 2013 :

- Establish clear improvement priorities for 2013-14 by November 2013, identifying explicitly the specific improvement sought during the year to enable more focussed reporting of outcomes;
- Improve performance reporting required by the Measure; and
- Develop performance management arrangements;
- Ensure the implementation of the Organisational Development Plan resolves the range of issues identified in the Corporate Assessment.

10. The Council has undertaken a significant amount of work to make improvements in these key areas, as follows:

- The issue raised in September 2013 in respect of the need to set clear improvement priorities for 2013/14 was resolved in September 2013 when the Council agreed its set of improvement priorities as part of the Statutory Improvement Report.
- The comments regarding a lack of clear and measurable targets within the Council's Improvement Plan (i.e. the Corporate Plan) in order to be able to fully evaluate its performance. This has been improved with the publication of the Council's Corporate Plans, both in February 2014, and further improved in 2015.
- The Council's performance arrangements have developed to ensure that good quality discussion takes place about performance at both operational service delivery and individual staffing levels. This has been supported by the implementation of a robust challenge regime in both the managerial and political environment.

- These performance arrangements have been supplemented by the development of a 'tracker' containing Wales Audit Office reports and recommendations. This 'tracker' will enable the Council not only to consider the output from National and Local Reports and to set out the relevant actions but will also provide the basis for providing assurance to Cabinet, Scrutiny and Audit Committees that the relevant work is being progressed.

Way Forward

11. The Committee is invited to consider the Wales Audit Office Annual Improvement Report 2014/15. In line with its Terms of Reference to scrutinise the Council's Programme for Improvement, Members will consider the determinations of the Wales Audit Office Annual Improvement Report 2014-15, and internally challenge how effectively the Council is preparing for improvement.

Legal Implications

12. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances

Financial Implications

13. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to:

- I. consider the Wales Audit Office Annual Improvement Report 2014-15;
- II. ensure that key issues highlighted during the scrutiny inform the Committee's consideration of its Work Programme for 2015-16 later on the agenda; and
- III. report any concerns and observations to the Leader of the Council.

Paul Orders

Chief Executive

2 September 2015

The Council's previous Corporate Assessment is report can be found at ⁱ
<http://www.audit.wales/publication/cardiff-council-annual-improvement-assessment-letter-2-2012>