



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2016-17 Isle of Anglesey County Council

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Gwilym Bury and Andy Bruce under the direction of Huw Rees.

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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.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Summary report

2016-17 performance audit work

- 1 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including Isle of Anglesey County Council's (the Council) own mechanisms for review and evaluation. For 2016-17, we undertook improvement assessment work at all councils under three themes: governance, use of resources, and improvement planning and reporting. At some councils, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2016-17.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in **Exhibit 1**.

The Council is meeting its statutory requirements in relation to continuous improvement

- 3 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 (2009) during 2017-18.

Recommendations and proposals for improvement

- 4 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:
 - 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;
 - make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection, and publish a report and make recommendations; and
 - recommend to ministers of the Welsh Government that they intervene in some way.
- 5 During the course of the year, the Auditor General did not make any formal recommendations. However, a number of proposals for improvement have been made and these are repeated in this report. We will monitor progress against them and relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

Audit, regulatory and inspection work reported during 2016-17

Exhibit 1: audit, regulatory and inspection work reported during 2016-17

Issue date	Brief description	Conclusions	Proposals for improvement
Governance			
May 2017	<p>Good governance when determining service changes</p> <p>Review of the Council's governance arrangements for determining service changes.</p>	<p>The Council's governance arrangements for decision making on significant service changes are generally effective, but it recognises that they could be further strengthened.</p> <p>We came to this conclusion because:</p> <ul style="list-style-type: none"> the Council's governance arrangements for decision making on significant service changes are generally effective, but it recognises that they could be further strengthened; the Council has a clear vision and strategy for determining service change proposals; decision making roles are understood but processes for the Council's transformation boards and scrutiny committees could cause some duplication; business cases for service change provide a good range of information but the longer term impact of proposals could be better defined; the Council has clear procedures that encourage stakeholders to engage in decision making and is acting to strengthen its engagement arrangements; the Council monitors the impact of its service change decisions but could do more to review and reflect on the benefits following implementation; and the Council annually reviews the effectiveness of its decision making arrangements and is aware of areas where it can improve. 	<p>Strengthen governance arrangements by:</p> <p>P1 Introducing equality impact assessments at an early stage of the decision making process and to a consistent standard to help the Council analyse its proposals for service change more effectively.</p> <p>P2 Developing arrangements for monitoring the impact and benefits of service changes, including explicitly stating what will be monitored, where this will be monitored and who will be responsible for doing so.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
December 2016	<p>Annual audit letter 2015-16</p> <p>Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in Appendix 2 of this report.</p>	<ul style="list-style-type: none"> the Council complied with its responsibilities relating to financial reporting and use of resources; the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources; the audit of the accounts has been completed on 30 September 2016; and work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2016-17 accounts or key financial systems. 	None
March 2017	<p>Savings planning</p> <p>Review of the Council's financial savings arrangements, including how well it is delivering the required savings and whether it has robust approaches to plan, manage and deliver budget savings, at a pace that supports financial resilience.</p>	<p>Whilst the Council has an improving financial planning framework, underdeveloped savings plans may not fully support future financial resilience.</p> <p>We came to this conclusion because:</p> <p>Savings achievement 2015-16</p> <ul style="list-style-type: none"> The Council has reported achievement of 82% of its planned 2015-16 savings in year and can demonstrate that individual savings have been delivered. <p>Financial planning arrangements</p> <ul style="list-style-type: none"> The Council continues to strengthen its financial planning framework but there are insufficient links between its Corporate Plan and Medium Term Financial Plan and it lacks indicative savings plans for future years and a corporate approach to income generation. <p>Savings Plan 2016-17</p> <ul style="list-style-type: none"> The Council is forecasting that 83% of its 2016-17 savings plans will be achieved but some saving plans lack detail and realistic delivery timescales. 	<p>P1 Strengthen financial planning arrangements by:</p> <ul style="list-style-type: none"> developing an Income Generation/ Charging Policy; developing indicative savings plans to cover the period of the MTFP; embedding the requirements of the Wellbeing of Future Generations (Wales) Act 2015; improving the links between its Corporate Plan and MTFP; and strengthening arrangements to monitor the progress of unachieved savings in future years.

Issue date	Brief description	Conclusions	Proposals for improvement
Local risk-based performance audit			
Review of Absence Management			
May 2017	Review of Attendance Management Review of the Council's Attendance Management arrangements.	<p>The Council has significantly improved its corporate arrangements to manage attendance by introducing more robust absence policies and procedures.</p> <p>We came to this conclusion because:</p> <ul style="list-style-type: none"> the Council has strengthened its policies and procedures for managing attendance; the Council has prioritised attendance management and has strengthened its approach which is robust and challenging; and the Council's management of Council staff attendance has significantly improved and it is proactive in holding schools to account for attendance management. 	<p>P1 In order to provide the necessary challenge to schools with regard to their attendance management arrangements, the Council should continue to ensure that it has the capacity to provide each school with monthly comparative data on teacher and non-teacher absence rates and provide each school with the necessary support and guidance to implement attendance management arrangements.</p> <p>P2 The Council should consider schools' attendance performance in its quarterly reports to the Executive and Corporate Scrutiny Committee on Council services.</p>
June 2016	Wales Audit Office annual improvement plan audit Review of the Council's published plans for delivering on improvement objectives.	The Council has complied with its statutory improvement planning duties.	None
November 2016	Wales Audit Office annual assessment of performance audit Review of the Council's published performance assessment.	The Council has complied with its statutory improvement reporting duties.	None

Issue date	Brief description	Conclusions	Proposals for improvement
Reviews by inspection and regulation bodies			
March 2017	Care and Social Services Inspectorate Wales (CSSIW) Inspection of Children's Services	<p>The report can be accessed via this link: Inspection of Children's Services: Isle of Anglesey County Council</p> <p>Findings</p> <p>A. Access Arrangements</p> <p>We found that access arrangements to preventive and statutory services were established and offered bilingually. Eligibility criteria for team around the family services were well embedded and shared with partners. However, the local authority's information, advice and assistance services and prevention arrangements were insufficiently developed. The council was responsive where there was an immediate indication that a child was at risk but the understanding of thresholds between partners and children's services was inconsistent. Multi agency work to address this was urgently needed. Referral information received from partners was poor. Children's services were diligent in respect of collecting missing information but analysis of (re)referrals was variable and too often cases that should have progressed to an assessment did not do so. All staff were clearly committed to improving the lives of the children and families they worked with, but the duty & assessment team did not have sufficient capacity, experience or senior management support to effectively deliver good quality outcomes for children and families. Management oversight of decision making was insufficient.</p>	<p>Recommendations</p> <p>Recommendations as a priority:</p> <ol style="list-style-type: none"> 1. The authority should progress its commitment to developing a framework for the provision of preventive work with children and families that will deliver an integrated service and provide early help and support that effectively delays the need for care and support. 2. Effective, multi-agency quality assurance systems and training arrangements should be established to ensure that thresholds for assessment to statutory children's services are understood by staff and partners and are consistently applied; this should include the development of a multi-agency child protection thresholds protocol incorporating recent Welsh Government guidance. 3. Senior leaders in social services and the police should continue to work proactively together to ensure improvements to the quality, consistency and timeliness of child protection enquiries.

Issue date	Brief description	Conclusions	Proposals for improvement
		<p>B. Safeguarding and assessment</p> <p>The quality and timeliness of child protection enquiries was inconsistent. The process for organising strategy discussions was not effective and did not routinely include information from all relevant partners. New arrangements had been confirmed and urgent action was required to ensure that these were clearly understood, implemented consistently and that as a result unacceptable delays to child protection enquiries were avoided in future. Assessments were of a variable quality; where they were good there was evidence of utilising a range of information to inform the risk analysis. Social workers made persistent attempts to elicit the children's wishes and feelings and some good use was made of informal advocacy to support children to make best use of support offered. However, good social work practice reflected in the content of some assessments was undermined by the limited range of resources available to support work with children and families and lack of sufficiently experienced and stable operational management and staff across the long-term child care teams. Frequent changes in social worker resulted in a loss of impetus that impacted on engagement with families. Although most assessments were shared with children and families, lack of effective engagement resulted in them not being sufficiently clear about the purpose of the help, care and support and/or protection they received. The quality of recording throughout the assessment</p>	<p>4. The council should continue to support senior leaders to improve their knowledge and understanding of the complexities and risks involved in delivering children's services to assure themselves, partners, staff and communities that their responsibilities are discharged to maximum effect.</p> <p>5. A robust workforce strategy should urgently be developed to include short, medium and long term aims for recruitment and retention of social workers.</p> <p>6. Arrangements for team managers and senior practitioners should be reviewed to ensure capacity to effectively and consistently provide management oversight of decision making, challenge and direction for staff across the service; a leadership and development programme should be made available to build resilience.</p> <p>7. Senior leaders should take steps to improve the frequency, consistency and quality of front line staff supervision; an assurance mechanism must be implemented to ensure compliance and quality.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
		<p>process was poor and consequently hampered those taking over a case from swiftly understanding the needs and risks associated with children and families. This was of particular significance given the high level of churn within the workforce. Management oversight of the quality of assessment was insufficiently robust in terms of challenge and quality control.</p>	<p>Recommendations over the next 12 months:</p> <ol style="list-style-type: none"> 8. Strong political and corporate support for children's services must continue to ensure the service improvements needed are prioritised and the pace of improvement accelerated and sustained. 9. Multi-agency arrangements should be established to strengthen operational plans to support effective co-ordination of statutory partners' completion of Joint Assessment Frameworks. 10. The quality of assessments and plans should be improved to ensure that they are consistently of a good quality, with a clear focus on the needs, risks and strengths of children and families, and that desired outcomes, timescales and accountabilities for actions are clear. 11. The quality and consistency of record keeping should be improved; all staff and managers should ensure that their records are of good quality, are up to date and are systematically stored.

Issue date	Brief description	Conclusions	Proposals for improvement
			<p>12. The local authority and partners should work together to develop a cohesive approach to the collection and analysis of information about the needs of communities, that includes the voices of children and families. This should be used to inform the shaping of strategic plans to achieve effective alignment of service delivery between information, advice and assistance services, the preventive sector and statutory services.</p> <p>13. Performance management and quality assurance arrangements, including scrutiny of service demand and routine auditing of the quality of practice, needs to be embedded so that managers at all levels have timely, relevant and accurate performance and quality assurance information to enable them to do their jobs effectively and to deliver improvements.</p> <p>14. Caseloads and reports regarding the quality of workers' performance should be continuously monitored to ensure there is sufficient capacity for workers to engage effectively with children and their families.</p>

Appendix 1

Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the annual improvement report. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. 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.

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

Annual Audit Letter

Dr Gwynne Jones
Councillor Ieuan Williams
Council Offices
Llangefni
Anglesey
LL77 7TW

Reference: IH15-16

Date issued: 1 December 2016

Dear Gwynne and Ieuan

Annual Audit Letter – Isle of Anglesey County Council 2015-16

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 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 30 September 2016 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council'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 in my Audit of Financial Statements report on the 21 September 2016. 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 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.

I issued a certificate confirming that the audit of the accounts has been completed on 30 September 2016.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2016-17 accounts or key financial systems.

The financial audit fee for 2015-16 is currently being discussed with the Section 151 Officer due to additional work needed to complete the audit.

Yours sincerely

Ian Howse

For and on behalf of the Auditor General for Wales

Appendix 3

National report recommendations 2016-17

Exhibit 2: national report recommendations 2016-17

Date of report	Title of review	Recommendation
August 2016	<u>Financial Resilience of Local Authorities in Wales 2015-16</u>	<p>In our report of 2014-15 (The Financial Resilience of Councils in Wales, April 2015) we made a number of recommendations for local authorities. Many of these recommendations remained relevant and required further work from authorities to address them during 2016-17. In addition, we also made the following recommendations based on our more recent review:</p> <p>R1 Local authorities should strengthen their financial-planning arrangements by:</p> <ul style="list-style-type: none"> • developing more explicit links between the Medium Term Financial Plan (MTFP) and its corporate priorities and service plans; • aligning other key strategies such as workforce and asset management plans with the MTFP; • developing comprehensive multi-year fully costed savings plans which underpin and cover the period of the MTFP, not just the forthcoming annual budget; • categorising savings proposals so that the shift from traditional-type savings to transformational savings can be monitored over the period of the MTFP; and • ensuring timescales for the delivery of specific savings proposals are realistic and accountability for delivery is properly assigned. <p>R2 Local authorities should develop corporate income generation and charging policies.</p> <p>R3 Local authorities should ensure that they have a comprehensive reserves strategy, which outlines the specific purpose of accumulated useable reserves and the impact and use of these in the MTFP.</p> <p>R4 Local authorities should develop key performance indicators to monitor the MTFP.</p> <p>R5 Local authorities should ensure that savings plans are sufficiently detailed to ensure that members are clear as to what the plans are intended to deliver and that the delivery of those plans can be scrutinised appropriately throughout the year.</p> <p>R6 Local authorities should ensure that corporate capacity and capability are at a level that can effectively support the delivery of savings plans in the MTFP at the pace required.</p>

Date of report	Title of review	Recommendation
October 2016	<u>Community Safety in Wales</u>	<p>The seven recommendations within this report required individual and collective action from a range of stakeholders – the Welsh Government, Home Office Wales Team, police and crime commissioners, public service board members and local authorities:</p> <p>R1 Improve strategic planning to better coordinate activity for community safety by replacing the existing planning framework with a national strategy supported by regional and local plans that are focused on delivering the agreed national community-safety priorities.</p> <p>R2 Improve strategic partnership working by formally creating effective community-safety boards that replace existing community-safety structures that formalise and draw together the work of the Welsh Government, police forces, local authorities, health boards, fire and rescue authorities, WACSO and other key stakeholders.</p> <p>R3 Improve planning through the creation of comprehensive action plans that cover the work of all partners and clearly identify the regional and local contribution in meeting the national priorities for community safety.</p> <p>R4 Review current grant-funding arrangements and move to pooled budgets with longer-term funding commitments to support delivery bodies to improve project and workforce planning that focuses on delivering the priorities of the national community-safety strategy.</p> <p>R5 Ensure effective management of performance of community safety by:</p> <ul style="list-style-type: none"> • setting appropriate measures at each level to enable members, officers and the public to judge progress in delivering actions for community-safety services; • ensuring performance information covers the work of all relevant agencies; and • establishing measures to judge inputs, outputs and impact to be able to understand the effect of investment decisions and support oversight and scrutiny. <p>R6 Revise the systems for managing community-safety risks and introduce monitoring and review arrangements that focus on assuring the public that money spent on community safety is resulting in better outcomes for people in Wales.</p> <p>R7 Improve engagement and communication with citizens through public service boards in:</p> <ul style="list-style-type: none"> • developing plans and priorities for community safety; • agreeing priorities for action; and • reporting performance and evaluating impact.

Date of report	Title of review	Recommendation
November 2016	<u>Charging for Services and Generating Income by Local Authorities</u>	<p>This report made eight recommendations, of which six required action from local authorities. Recommendations R4 and R6 required action from the Welsh Government and Welsh Local Government Association:</p> <p>R1 Develop strategic frameworks for introducing and reviewing charges, linking them firmly with the Medium Term Financial Plan and the Corporate Plan.</p> <p>R2 Review the unit and total costs of providing discretionary services to clearly identify any deficits and, where needed, set targets to improve the current operating position.</p> <p>R3 Use the impact assessment checklist whenever changes to charges are considered.</p> <p>R5 Identify opportunities to procure private sector companies to collect charges to improve efficiency and economy in collecting income.</p> <p>R7 Improve management of performance, governance and accountability by:</p> <ul style="list-style-type: none"> • regularly reporting any changes to charges to scrutiny committee(s); • improving monitoring to better understand the impact of changes to fees and charges on demand, and the achievement of objectives; • benchmarking and comparing performance with others more rigorously; and • providing elected members with more comprehensive information to facilitate robust decision making. <p>R8 Improve the forecasting of income from charges through the use of scenario planning and sensitivity analysis.</p>

Date of report	Title of review	Recommendation
January 2017	<u>Local Authority Funding of Third Sector Services</u>	<p>This report made three recommendations, of which two required action from local authorities. Recommendation R3 required action from the Welsh Government:</p> <p>R1 To get the best from funding decisions, local authorities and third sector bodies need to ensure they have the right arrangements and systems in place to support their work with the third sector. To assist local authorities and third sector bodies in developing their working practices, we recommend that local authority and third sector officers use the <u>Checklist for local authorities effectively engaging and working with the third sector</u> to:</p> <ul style="list-style-type: none"> • self-evaluate current third sector engagement, management, performance and practice; • identify where improvements in joint working is required; and • jointly draft and implement an action plan to address the gaps and weaknesses identified through the self-evaluation. <p>R2 Poor performance management arrangements are weakening accountability and limiting effective scrutiny of third sector activity and performance. To strengthen oversight of the third sector, we recommend that elected members scrutinise the review checklist completed by officers, and regularly challenge performance by officers and the local authority in addressing gaps and weaknesses.</p>

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