



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Blaenau Gwent County Borough Council

Issued: January 2012
Document reference: 136A2012



About the Auditor General for Wales

The Auditor General is independent of government and is appointed by Her Majesty the Queen. He leads the Wales Audit Office and is held accountable by the Public Accounts Committee of the National Assembly for the Wales Audit Office's work.

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. He also appoints the external auditors of Welsh local government bodies, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. The Auditor General's appointed auditors are responsible for the annual audit of the majority of public money spent in Wales, including the £15 billion of funds that are voted to Wales annually by the Westminster Parliament. Nearly £5.5 billion of this funding is passed by the Welsh Government to local government in the form of general and specific grants. Local government, in turn, raises a further £2.1 billion through council tax and business rates.

As well as carrying out financial audit, the Auditor General's role is to examine how public bodies manage and spend public money, including achieving value in the delivery of public services. The Wales Audit Office aims to make public money count, by promoting improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money. It is also committed to identifying and spreading good practice across the Welsh public sector.

Huw Vaughan Thomas, Auditor General for Wales, was supported by Alastair McQuaid, Nick Selwyn and colleagues under the direction of Jane Holownia in conducting the Improvement Assessment and producing this report.

Contents

Summary, recommendations and proposals for improvement	4
Detailed report	
Introduction	8
The Council reports its progress but it is not always clear how this results in improvement for citizens and its prospects for major improvement will depend upon how it tackles its current problems	9
Some progress has been made towards making key improvements, but unless inconsistencies and weaknesses in how the Council is run are addressed, it is unlikely that the Council will sustain significant improvement	10
The Council's performance has improved in some priority areas although education services for children and young people are unsatisfactory	17
There has been sustained good performance in many aspects of work with children and families. However, there are some gaps where improvements are necessary, particularly in adult services	17
Education services for children and young people are unsatisfactory	19
The Council's performance in delivering improvements which help to create and maintain the area as a safe, prosperous and pleasant place is mixed	21
The Council reports improvements in some areas despite weaknesses in how it set its Improvement Objectives in 2010-11 and monitored performance	25
Appendices	
Appendix 1	
Status of this report	31
Appendix 2	
Useful information about Blaenau Gwent and Blaenau Gwent County Borough Council	32
Appendix 3	
Blaenau Gwent County Borough Council's accounts and use of resources	33
Appendix 4	
Blaenau Gwent County Borough Council's Improvement Objectives	36
Appendix 5	
Progress against previous statutory recommendation and proposals for improvement	38

Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. Drawing on the work of the Wales Audit Office and relevant Welsh inspectorates, this report presents a picture of improvement over the last year. The report is in three main sections, which cover the planning, delivery and evaluation of improvement by the Blaenau Gwent County Borough Council (the Council).
- 2 Overall the Auditor General has concluded that, **the Council reports its progress but it is not always clear how this results in improvement for citizens and its prospects for major improvement will depend upon how it tackles its current problems.**
- 3 We found that some progress has been towards making key improvements, but unless inconsistencies and weaknesses in how the Council is run are addressed, it is unlikely that the Council will sustain significant improvement.
- 4 We also found that the Council's performance has improved in some priority areas despite weaknesses in how it set its Improvement Objectives and monitored performance. We based this conclusion on the following:
 - There has been sustained good performance in many aspects of work with children and families. However, there are some gaps where improvements are necessary, particularly in adult services.
 - Education services for children and young people are unsatisfactory because children and young people do not make good progress and standards are well below what is expected, support for school improvement and additional learning needs is unsatisfactory and systemic failure of management has resulted in the Council providing poor value for money.
 - The Council's performance in delivering improvements which help to create and maintain the area as a safe, prosperous and pleasant place is mixed.
- 5 The Auditor General is required to assess whether the Council has complied with its statutory duties under the Local Government (Wales) Measure 2009 (the Measure), including to:
 - publish its plans for improvement;
 - make arrangements to secure continuous improvement;
 - publish an assessment of its performance; and
 - have regard to statutory guidance.
- 6 The Auditor General determined that:
 - The Council has discharged its statutory duty to publish its plans for improvement. However, due to the scale and pace of improvement required, the Council is unlikely to comply with the duty to make arrangements to secure continuous improvement during this financial year.

- The Council has discharged its duties in relation to publishing improvement information but it needs to improve how it does this. The Council should ensure that it continues to improve its approach in accordance with Welsh Government guidance, specifically in reporting more clearly on its own performance, demonstrating the impact of its activity, and in reporting fully on progress in relation to the things it said it would do.

7 Finally, the report sets out our views on the Council's own assessment of its performance and arrangements. We found that the Council reports improvements in some areas but it is not always clear how these relate to Improvement Objectives set for 2010-11.

Recommendations and proposals for improvement

- 8 In November 2011, the Auditor General made a recommendation for improvement under section 19 of the Measure, and this is set out below. The Council must formally respond to statutory recommendations within 30 working days. The Council responded to the Auditor General within the time required.

Recommendation

- R1** Develop and agree an action plan which addresses the issues raised in the *Corporate Assessment Report*, issued November 2011, in consultation with key stakeholders including the Welsh Local Government Association (WLGA) and the Welsh Government.*

*This recommendation was first made to the Council in November 2011.

Proposals for improvement

- P1** Evaluate and report on the impact of reduced budgets on frontline services to identify and deal with risks that emerge from disinvestment decisions.
- P2** The Council should continue to address the proposals and actions for improvement identified in previous external audit and regulation reports.
- P3** Improve information on unit costs, activity costs, benchmarks and other financial performance measures to support informed financial decision making.
- P4** Continue to improve compliance with the Measure and accompanying guidance, strengthen self-assessment arrangements and improve performance reporting by:
- reporting clearly on whether the actions planned to deliver Improvement Objectives have been undertaken and whether targets for improvement have been achieved;
 - developing further outcome-focused measures of success for all Improvement Objectives and reporting a balanced picture of how well the Council has performed against measures and targets;
 - including a clear self-evaluation in its Performance Report of whether it has met or is progressing satisfactorily towards each Improvement Objective;
 - providing citizens with more comparative performance and benchmarking data to enable them to better judge performance; and
 - reporting its performance to the public in a document or documents which help citizens to understand the Council's performance more easily.

Detailed report



Introduction

- 9 This report is written on behalf of the Auditor General by staff of the Wales Audit Office and Welsh inspectorates. On [page 2](#) you can find a brief explanation of what the Auditor General does.
- 10 Under the Measure, the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. Planning for and delivering improvement does not mean that services will get better all of the time and can mean doing the same with less. [Appendix 1](#) provides more information about the Auditor General's powers and duties under the Measure.
- 11 With help from Welsh inspectorates, Estyn (for education), the Welsh Language Board and the Care and Social Services Inspectorate for Wales, we have brought together a picture of what each council or authority in Wales is trying to achieve and how it is going about it. This report also sets out the progress the Council has made since the Auditor General published his last *Annual Improvement Report*, drawing on the Council's own self-assessment.
- 12 Throughout the report, we set out what the Council needs to do to improve its services. Given the wide range of services provided and the challenges facing the Council it would be unusual if we did not find things that can be improved. The Auditor General is able to:
 - recommend to Ministers of the Welsh Government that they intervene in some way;
 - conduct a special inspection and publish the report with detailed recommendations;
 - make formal recommendations for improvement – if a formal recommendation is made the Council must respond to that recommendation publicly within 30 days; and
 - make proposals for improvement – if we make proposals to the Council, we would expect it to do something about them and we will follow up what happens.
- 13 We do not undertake a comprehensive annual review of all Council arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge and the findings of the prioritised work undertaken this year.
- 14 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@wao.gov.uk or writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.

The Council reports its progress but it is not always clear how this results in improvement for citizens and its prospects for major improvement depend upon how it tackles its current problems

- 15 Our work focused on how the Council organises itself to achieve improvements, the main objectives that the Council set for itself, its progress and impact, and how it reports its performance to citizens. This report sets out the Auditor General's view of the performance of the Council in discharging its statutory duties under the Measure and the specific progress that it has made in delivering against its Improvement Objectives.
- 16 In addition to having effective arrangements in place to plan for and deliver improvement, it is important that the Council has a good understanding of the extent of progress and improvement it is making. The Council has set out its own assessment of its performance in the *Corporate Improvement Plan 2008-2012, 2011/12 Stage 2 Review* (the Performance Report). We found that the Council is generally good at monitoring its own performance and has revised its measures of success for 2011-12. A challenge for the Council, in common with other Welsh councils, is to make sure that in focusing on the arrangements for future improvement and ensuring delivery against specified objectives it does not lose sight of the need to maintain 'business as usual'.
- 17 In July 2011, Estyn, Her Majesty's Inspectorate of Education and Training in Wales reported that local education services provided for young people by the Council were 'unsatisfactory' and also judged capacity to improve as 'unsatisfactory.' As a consequence, the Welsh Government removed Executive powers from the Council and appointed Education Commissioners to take over responsibility for education services. Given the potential corporate failings highlighted by Estyn's report, the Wales Audit Office undertook a comprehensive review of the Council's corporate arrangements which support planning and delivery of improvements across the range of Council functions and services.
- 18 In November 2011, the Auditor General issued a Corporate Assessment of the Council's arrangements to secure continuous improvement. The Auditor General concluded that some progress has been made towards making key improvements, but unless inconsistencies and weaknesses in how the Council is run are addressed, it is unlikely that the Council will sustain significant improvement. We reached this conclusion because whilst the Council has made some progress in managing improvement, some key governance systems are not consistently effective in challenging poor performance and ensuring accountability, and weaknesses in collective leadership prevent the Council from making the best use of its resources.

Some progress has been made towards making key improvements, but unless inconsistencies and weaknesses in how the Council is run are addressed, it is unlikely that the Council will sustain significant improvement

- 19 We have summarised below the findings of the Auditor General's *Corporate Assessment Report* of November 2011.
- 20 Blaenau Gwent as an area faces many challenges. It is relatively small compared with other Welsh councils, has high levels of deprivation and dependency and complex needs. But these factors do not explain or excuse poor performance. Whilst the Council has generally good corporate arrangements in place to support improvement, longstanding weaknesses in how the Council is run and a legacy of failings in collective leadership and service delivery undermine their effectiveness and lead to inconsistencies in how policies and procedures are applied in practice. These failings continue to impede the Council's ability to implement the changes needed to achieve significant and sustainable improvements for its citizens.
- 21 Following the critical Estyn inspection report, political leadership of Council services was unstable. The Leader of the Council stood down in early October 2011. In mid-October a new Leader was elected from within the ruling group, and the ruling and opposition groups reached an agreement for the opposition to be offered three positions in the Executive and two chairs of scrutiny committees. We will continue to monitor the effectiveness of these new arrangements.
- 22 In our previous reports we identified that the Council had yet to establish the clear focus necessary to achieve the scale and pace of change needed. The Council's aspirations were not clearly supported by strategies to achieve them or consistently translated into delivering tangible priority improvements. We stressed the need to develop a coherent strategic approach to driving improvement throughout the Council and identified the need for an integrated approach to planning in relation to finances, people and physical assets.
- 23 Since then, the Council has started to address the priorities for improvement we identified and has made some progress in refining its approaches to corporate planning for improvement although there is more work to do across services. It has agreed a Medium Term Financial Strategy document but needs to do more work to underpin this with more detail. This work must help the Council to address inconsistencies and weaknesses in its approach to improvement, including the need to:
- strengthen links between various plans and planning processes to ensure approaches to financial, staffing and physical resources are interlinked and consistent with delivering priorities;
 - identify the implications of its actions and reduce unintended consequences;
 - avoid a scatter-gun approach to improvement by refining its priorities, following fewer initiatives and completing what it starts; and
 - make better use of technology to manage and deliver services and underpin new ways of working.

24 The Council's Improvement Objectives for 2011-12 and its annual improvement plan, *Corporate Improvement Plan 2008-2012, 2011/12 Stage 1 Review*, met the requirements of the Measure. The Auditor General determined that the Council has discharged its statutory duty to publish its plans for improvement. However, due to the scale and pace of improvement required, the Council is unlikely to comply with the duty to make arrangements to secure continuous improvement during this financial year.

25 The Auditor General's overall assessment of the Council's arrangements and conclusion that the Council is unlikely to comply with its statutory duty led him to make a statutory recommendation requiring the Council to address the issues identified in his Full Corporate Assessment Report. The Council responded to the Auditor General's statutory recommendation within the 30 working days required and the Auditor General has accepted the Council's initial response. We will continue to monitor and report the Council's progress against its action plan. The Council has accepted all of the areas for improvement we identified in our previous reports and it has made progress against most of them. Where actions are ongoing, we will continue to monitor and report on the Council's progress in implementing them. Progress against each of the previous proposals for improvement is summarised in [Appendix 5](#).

The Council has made some progress in managing improvement but some key governance systems are not consistently effective in challenging poor performance and ensuring accountability

26 We reached this conclusion in our Corporate Assessment Report because we identified that the Council:

- Has taken some difficult decisions which lay the foundations for progress in tackling important issues.
- Demonstrates a continuing commitment to working with partners to deliver improvements.
- Has a Scrutiny function whose role in the Council's governance arrangements is clear and generally understood. However limitations in the support arrangements for Scrutiny, and an over-extensive work programme, are constraining its impact and impeding its effectiveness.
- Has project and performance management arrangements in place but which are not used consistently to manage, challenge and evaluate performance effectively.
- Has developed new systems for managing risks but these are not sufficiently effective to support improvement.
- Is taking steps to address weaknesses in arrangements that support effective decision making identified in an Appointed Auditor's report in November 2010 into processes and actions which underpinned the redundancy of the Director of Business Services.

The Council has refined its Improvement Objectives for 2011-12 and is strengthening arrangements to support their delivery

- 27 The Council's Improvement Objectives for 2011-12 and its annual improvement plan, *Corporate Improvement Plan 2008-2012, 2011/12 Stage 1 Review*, meet the requirements of the Measure. A Welsh language version is available and the Council summarised the Improvement Objectives in its newsletter to citizens, published in September. The Council has set out a clear rationale for selecting the areas it is focusing on improving, based on its current performance, public consultation and available resources. Its 10 Improvement Objectives reflect four key overall priorities in the *Corporate Improvement Plan 2008-2012* which in turn, links to the community strategy, developed with Local Service Board partners. Action is underway to strengthen links between the action plans for delivering the Council's Improvement Objectives and individual service plans.
- 28 The Council has clearly stated what the Improvement Objectives aim to achieve in relation to the Council's priorities along with measures of success, current performance where available and relevant actions. The Council recognises that its current performance indicators do not consistently enable it to measure the impact it is having for citizens and has made some progress in developing new measures and supporting systems since setting its first Improvement Objectives in autumn 2010.
- 29 In order that it can accurately assess and report its performance the Council needs to develop more outcome measures across the range of its activities, gather baseline data on existing performance, identify minimum and desired standards, set annual targets for performance and improve public reporting. It has made some progress in developing new measures since setting its first Improvement Objectives in autumn 2010. The Council's Improvement Objectives are listed in [Appendix 4](#).
- Despite a good track record of budget management, the Council's Medium Term Financial Strategy does not provide a clear framework to support decision making in the future**
- 30 The Council agreed a balanced budget for 2011-12 involving reductions in funding for some services. A Medium Term Financial Strategy document has been agreed by full Council, but further work continues to be undertaken to address significant capital and revenue pressures and embed medium-term financial management corporately.
- 31 The Council has had a good track record of managing within the budgets it sets, although in 2010-11 there were some overspends, particularly in social care. The Council has identified that it needs to make savings of approximately £9 million by 2014-15, of which £3.5 million are to be achieved in 2011-12. In setting the 2011-12 budget, the Council has sought to protect the Welsh Government's priorities of social care and education, although even in these services it is seeking savings to balance the budget at year end.

- 32 In setting the Council Tax and Revenue Budget for 2011-12, the Council resolved not to draw directly from the Council Fund General Reserve to balance its budget. This meant reducing funding for some services. For the period 1 April to 30 September 2011, the Council's expenditure was reported as being £577,000 higher than its profiled budget for 2011-12 across all its services with four service portfolios reporting adverse variances against budget. Action plans have been developed to address the overspends during the financial year.
- 33 The Council has a well-established process for setting its budget and has created a Budget Working Group which considered a draft estimate for 2012-13 of £134.491 million, including a savings target of £3.4 million but which still sought to protect social care and education as much as possible, in line with Welsh Government decisions. Following the Assembly Minister's announcement of the Final Settlement for Local Government in Wales on 7 December 2011, the total available funding for the Council is approximately £710,000 less than the draft. When the impact of following Welsh Government priorities of protecting schools' budgets is taken into consideration, the shortfall increases by a further £1.2 million to £1.9 million. The Budget Working Group has considered a number of options for addressing the £1.9 million shortfall, which include setting a council tax increase for 2012-13 of between 2.5 and 3 per cent and is continuing to look at other options to address the shortfall.
- 34 The Council's 2011-12 capital budget will reduce by 22 per cent to £4.2 million compared to the previous year. Welsh Government figures for 2012-13 show a further reduction of 8.1 per cent and a forecast reduction of 10 per cent in 2013-14.
- 35 The Council has recently adopted a Medium Term Financial Strategy which sets out its predicted future resource requirements. The strategy establishes a broad framework for future financial planning but has a number of significant weaknesses. The Medium Term Financial Strategy has no action plan showing how predicted deficits will be addressed or how service-based pressures will be managed. Without this level of detail the Council is unable to clearly identify and plan for how it will address the significant funding challenges it faces. The Medium Term Financial Strategy information on capital expenditure is also limited in coverage and only presents a partial picture of current and future challenges. The Medium Term Financial Strategy has not been mainstreamed within the financial arrangements for the Council as a whole and is not supported by a detailed long-term plan reflecting risks, opportunities and the potential impact of transformation and remodelling.
- 36 The auditor appointed by the Auditor General recently gave an unqualified opinion on the Council's accounts and financial statements. [Appendix 3](#) gives more detail.

The Council is developing the way it engages with the public and there are plans in place to improve current arrangements in order to enable citizens to help shape future services in local communities

- 37 Effective public engagement invites citizens to get involved in deliberation, dialogue and action on issues that they care about. Public engagement is about citizens having a voice in the public decisions that affect their lives. Public engagement also helps leaders and decision-makers understand the perspectives, opinions, and concerns of citizens and stakeholders. When done well, public engagement includes those members of the community whose voices have traditionally been left out of political and policy debates.
- 38 We found that in its approach to improvement, the Council is committed to effectively engaging with the public and with partners, and is developing ways to further improve citizen engagement. The Council's priorities continue to be refined, based on effective engagement with stakeholders and a developing understanding of outcomes although the Council recognises that further work is necessary in some areas.
- 39 Progress is being made to involve communities more in decision making, including establishing a Citizens' Panel, along with local partners with whom the Council works with to plan and co-ordinate services. The Council's Improvement Objectives reflect community consultation undertaken with partners to develop the Community Strategy and the results of a residents' survey and 'Hear to Listen' meetings to engage directly

with local people. Feedback on the impact of consultation and engagement activity needs to be more widely promoted.

- 40 Public engagement is also helping to make a positive impact on the design and delivery of services. The public are kept informed through effective communication, engagement and consultation. Useful information is collected from such exercises but it is not consistently analysed and evaluated. Some performance management arrangements are in place to monitor and evaluate the effectiveness of public engagement, but a more robust framework needs to be developed to demonstrate its impact.

The Council is aware of the key actions that need to be taken to exploit technology in order to deliver efficiencies and service transformation but has taken insufficient action to address issues

- 41 Effective use of technology is essential for transforming the delivery of public services, improving outcomes for citizens and delivering efficiency savings. Technology can support different ways of working, delivering services and engaging with citizens, enabling councils to deliver more for less. The way in which technology is delivered and managed has a direct impact on the efficiency, effectiveness and quality of work undertaken across councils and affects almost every council worker. Poor information and communication technology (ICT) governance can lead to the use of inappropriate systems, system unavailability and frustration throughout an organisation.

42 In 2010, the Wales Audit Office identified that many local authorities were grappling with ensuring technology was used effectively to support service transformation and achieve efficiency savings, and as a result, reviews of technology are being undertaken at all councils in Wales.

43 We found that ICT arrangements are traditional. Recent changes still need to mature and become embedded. Some planned changes have not been made and there are weaknesses in some aspects of ICT performance which need to be addressed. Since our review, the Council has completed and approved its ICT Strategy, which aims to address some of the issues we identified.

The Council has a good record of working in collaboration with partners and stakeholders to plan and deliver services

44 The Council has a good track record of collaboration. The Council is collaborating with a range of organisations to deliver improvements for citizens. For example, the Council is integrating its social care services with Caerphilly County Borough Council. Furthermore, major programmes of work such as the *Gwent Frailty Programme*¹ and the South East Wales Regional Collaboration² demonstrate a commitment to collaboration which is remodelling how services are provided to many citizens and stakeholders. These projects represent major programmes of change in how the Council organises its work. In common with many other Welsh councils, the joint arrangements for ensuring good governance of collaborations, local

political accountability and robust evaluation of their costs, benefits and outcomes for citizens are not yet clear and need further development. In response, the Council has just created a new Executive portfolio for business transformation and partnerships.

45 Given the risks and challenges and the central importance that the *Gwent Frailty Programme* has in modernising and transforming health and social services for frail people in Gwent, the Wales Audit Office is proposing to undertake an initial review of the arrangements for implementation of the programme. The focus of the audit work will be to provide early assurance that the programme is set up and working in a way which is likely to achieve the aims and outcomes which have been identified, and the conclusions will be reported in our next *Corporate Assessment*.

The Council is meeting its statutory obligation with regard to the Welsh Language Act

46 The Welsh Language Board works with local authorities to help them develop their statutory Welsh Language Schemes that outline the way in which they provide services to the public in Welsh. The primary responsibility for the range and standard of services rests with the authorities who provide them, working in accordance with the statutory framework and guidelines of the Welsh Language Board. Every council is expected to provide the Welsh Language Board with an annual monitoring report that explains how its scheme has been implemented. This report allows the Board to

1 The *Gwent Frailty Programme* is a partnership between Aneurin Bevan Health Board and Torfaen, Blaenau Gwent, Caerphilly, Monmouthshire and Newport councils designed to deliver integrated services to vulnerable people.

2 The South East Wales Consortium consists of: Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen local education authorities. The consortium is developing collaborative approaches to improving school performance and supporting professional development of education staff.

offer advice as to how a council might improve its local arrangements. The Board also undertakes its own reviews to assess the provision of Welsh language services and to promote improvement.

- 47 The Welsh Language Board praised the Council for attaining a positive judgement in the electoral documentation inspection exercise held this year. The Council was also praised for the positive steps forward it has taken with Welsh language provision on its website. Although the Board welcomed an increase in workforce data provided by the Council, there is more work to be done. Improved data will facilitate improved services as the Council will have a better understanding of the skills contained within its workforce. The Council is also improving upon its procedures for mainstreaming the Welsh language into its business planning process.

The Council's performance has improved in some priority areas although education services for children and young people are unsatisfactory

48 This part of the report sets out how well the Council is improving its services. It reflects the views of the Care and Social Services Inspectorate in Wales in relation to adult and children's services and Estyn in relation to education, and draws upon our own reviews of the Council's performance against some of the specific Improvement Objectives the Council set itself to achieve during 2010-11. Our report on the Council's performance in delivering housing benefit services will be included in our next *Corporate Assessment* in summer 2012.

There has been sustained good performance in many aspects of work with children and families. However, there are some gaps where improvements are necessary, particularly in adult services

49 Directors of social services are required to produce an annual self-assessment report on how well services are being delivered. The Care and Social Services Inspectorate in Wales will then undertake a review and analysis of evidence underpinning the report, including evidence from other regulators and inspectors. This analysis will result in an individual inspection and review plan for each council. The Care and Social Services Inspectorate in Wales' analysis, and the inspection and review plan, is set out annually in a published letter. 2010-11 is the second full year of these new arrangements and builds on the baseline assessment reported in December 2010.

50 Social services in Blaenau Gwent has made progress in its plans to modernise services in the Council and this continues to move forward, including the opening of the first two extra care schemes as well as the closure of most of the Council's own care homes. The Director's report emphasises the desire to maximise independence, minimise dependence and intervene where appropriate with people who are eligible for social services support.

51 Overall, the evidence from the Care and Social Services Inspectorate in Wales inspections in both adult and children's services supports the Council's own evaluation of performance particularly in areas such as access to and the range of services available as well as assessment and care management. There has been sustained good performance in many aspects of work with children and families. However, there are some gaps where improvements are necessary particularly in adult services.

52 Making a success of the change agenda, within collaborative and partnership working for both children and adults will be vital if the Council is to achieve its aims and ambitions for services. The pace of transformation means the Council will want to assure itself that it has the appropriate systems in place to support sensitively those people who use services and are affected by the change. This will equally apply to managing staff.

53 The increase in demand has stretched services and there is evidence of some uneven performance particularly in relation to quality assurance and reviews in adult services. The Director of Social Services' report highlights that there has been a decline in performance in the number of care plan reviews undertaken by a significant 10 per cent this year to 72 per cent. This means that over 300 people did not have a review completed in the year. However, the Council reports that an additional 84 people out of the 300 people not reviewed had their needs reassessed during the year as part of the modernisation programme. Whereas the Council has worked proactively with service users, carers and key stakeholders around closure programmes for residential care other initiatives, such as consultation around its domiciliary care retendering programme, have not been as successful.

54 One of the key outcomes for the Council to achieve is that regular reviews of services and service delivery take place. Whilst performance has been maintained or has improved in children's services, the performance in adult services indicates a downward turn in relation to some areas of service delivery. On this basis, it is difficult for the Council to be sure how person-centred its care plans are and how effectively individuals' needs are being met.

55 There is continued evidence of corporate and political support to social services in Blaenau Gwent, and priority has been given to the funding for social services during 2010-11. The Council will need to carefully balance the budget in future years to meet any increase in demand for services; considerable increases in older people needing services in the future

are forecast arising from demographic changes in the County Borough.

Information reported against the Improvement Objective to improve access to Council services does not yet provide a clear picture of how the Council has performed although improvements to data are planned

56 For 2010-11, the Council set an Improvement Objective to 'further develop and improve channels of access to Council services for citizens'. It revised this for 2011-12 to 'develop the use of emerging technology to offer a wider choice to customers in how they can access Council services'.

57 The Council has selected a range of performance information for reporting and judging progress. However, because the information comes from a range of Council departments which have different reporting frameworks, it varies in coverage and relevance which makes it difficult to assess the Council's overall progress. The information tends to report activities rather than impact upon outcomes, some performance comparisons against benchmarks with other councils are included but these are limited and there is no reference to levels of demand for services or citizens' satisfaction with access.

58 The Council is taking action to address some of these shortcomings and is developing a satisfaction survey for early 2012 covering all access channels. Individual surveys have already been done by the Council's contact centre 'C2BG,' libraries and sports centres. The Council is also undertaking a borough-wide customer profiling exercise to better understand customer preferences and needs. The Council is working with Customer Focus

Wales to identify appropriate measures for access channels, for which there are likely to be 15 indicators, and for social media site usage. The Council will be able to draw upon this comparative data in the future.

Education services for children and young people are unsatisfactory

- 59 Estyn, Her Majesty's Inspectorate of Education and Training in Wales, inspects how well councils are helping children and young people develop their skills. Estyn has a regular programme of inspections of pre-school services such as nurseries, schools, colleges and youth services. We work with Estyn to assess how well the Council supports all these services to help children and young people develop.
- 60 In July 2011, Estyn, Her Majesty's Inspectorate of Education and Training in Wales published a highly critical report on the quality of local education services provided for young people by the Council. Children and young people do not make good progress and standards are well below what is expected; support for school improvement and additional learning needs is unsatisfactory; and systemic failure of management has resulted in the Council providing poor value for money. Therefore, inspectors reached an overall judgement of 'unsatisfactory' and also judged capacity to improve as 'unsatisfactory'. As a consequence, the Welsh Government removed Executive powers from the Council and appointed Education Commissioners to take over responsibility for education services.
- 61 Standards in Blaenau Gwent are well below average. When a range of contextual information is taken into account, the performance of pupils in Blaenau Gwent is well below average in Key Stages³ 1, 2 and 3. Too many schools are in the bottom two-quarters when compared to similar schools at key stages 1 and 2. At key stage 3, the majority of schools are in the bottom quarter and there are no schools in the top quarter. At key stage 4, performance is also well below average taking into account a range of contextual factors. Most secondary schools are in the bottom two-quarters when compared to similar schools and only one school is in the top quarter.
- 62 Performance in key stages 3 and 4, based on entitlement to free school meals is poor. The Council has met or exceeded one of the Welsh Government benchmarks only once in the last four years.
- 63 Attendance in secondary schools has been below average over the last four years. A third of secondary schools are in the bottom two-quarters when compared with similar schools. Pupils' attendance in Blaenau Gwent primary schools is below average and has not improved over the last four years.
- 64 The number of permanent exclusions from schools is low. The rate of shorter fixed-term exclusions is worse than the average for Wales, although the number of longer-term exclusions is better than average. The number of days pupils lose from school because of exclusions is around average.

³ A key stage is a stage of the state education system in setting the age-related educational knowledge expected of students.

65 Inspectors judged that the Council has unsatisfactory prospects for improvement because senior officers and elected members of successive administrations have provided unsatisfactory leadership that has not challenged underperformance and poor outcomes for learners effectively. Managers do not make effective use of data to evaluate the impact of initiatives or to inform the targeting of resources to learners with the greatest need; and leaders and managers have a track record of slow and incomplete responses to recommendations from successive Estyn inspection reports.

Reductions in capital funding present challenges for the Council in delivering its plans for modernising school buildings under the 21st Century Schools initiative

66 The Assembly Minister's announcement confirming a programme of capital investment in school buildings across Wales in December 2011 under the *21st Century Schools* initiative, provided information on the provisional allocations to local authorities. The Council's allocation is £20.25 million but as projects are currently at outline stage, the details of individual projects may be subject to further change as the proposals are further developed and are assessed through further business case submissions. The Council is currently assessing the likely impact of reductions in Welsh Government funding for the *21st Century Schools* initiative upon its education modernisation plans. However, because the Council has already accessed other sources of external funding and is progressing with major educational building schemes on the Works site, its modernisation plans are less dependent upon *21st Century Schools* initiative funding than those of many other Welsh councils.

The Council is committed to reducing the number of young people who are not in employment, education or training but it is difficult for citizens to judge how well the Council has performed

67 For 2010-11, the Council set an Improvement Objective to 'contribute to the reduction of the number of young people who are not in employment, education or training (NEETs) post-16, or are at risk of falling into this category'. The Council refined its approach to setting Improvement Objectives and revised its objective for 2011-12 to 'young people at risk of becoming NEET are identified early and through our intervention this is prevented'. The Council has set out clearly its rationale for choosing an Improvement Objective relating to NEETs because the Council has relatively high numbers of NEETs compared with other Welsh councils, the economic climate is increasing the likelihood of young people becoming NEETs, and levels of unemployment in the county borough are high compared with other Welsh counties.

68 The Council has made some progress with actions that support the Improvement Objective, working with partners, including developing a NEETs strategy and work on early identification of young people at risk of becoming NEET. It is difficult for citizens to judge from the Council's Performance Report how well the Council performed in 2010-11 because:

- the Council's Report provides information about its performance but has not provided a clear overall evaluation of whether it has achieved improvement;

- information in the Report focuses on performance in relation to the revised 2011-12 Improvement Objectives;
- the Council has not established clear baselines for its measures of improvement, it plans to do this in January 2012; and
- targets and actions for improvement set for 2010-11 are not reported against so it is not possible to judge whether the Council achieved what it said it would.

The Council completed its planned consultation exercise on proposals for post-16 education and continues to develop measures and establish baselines of performance against which improvement can be judged

- 69 For 2010-11, the Council set an Improvement Objective to 'undertake a formal consultation exercise in relation to proposals for post-16 education on the steelworks site to contribute to the transformation of education and learning in Blaenau Gwent'. The Council set itself five actions in 2010-11 to deliver this.
- 70 The Performance Report provides some commentary on whether the Council has delivered its targets for 2010-11 but it does not 'tell the story' about what the consultation achieved. This was a very good and robust consultation exercise which used a variety of methods to engage with a wide range of people. The outcome was that the Council reached a broad range of people, had better engagement with them, and culminated in people having a better understanding of the issues and what the Council wished to achieve through its *Education Transformation Strategy*.

- 71 The Improvement Objective is the start of an improvement journey on educational attainment and reducing surplus school places, so tangible improvement is difficult to demonstrate at this stage. In 2011, we told the Council that it needed to link its Improvement Objective for 2010-11 more clearly to impact measures which demonstrate improved outcomes. Now, the Council is undertaking Education Impact Modelling at each school which will establish baseline data on such aspects as attainment, well being, and attendance for comparison once the new school is built and occupied.

The Council's performance in delivering improvements which help to create and maintain the area as a safe, prosperous and pleasant place is mixed

- 72 In this section we provide a view of the effectiveness of management arrangements and activity by looking at how well the Council has performed in delivering three of its five Improvement Objectives that look at maintaining the area as a safe, prosperous and pleasant place to live.

The Council's waste management and recycling performance is improving

- 73 The Council has an Improvement Objective of reducing waste sent to landfill and improve recycling and composting rates. For 2010-11, the Council set itself four targets to deliver:
- permanently employing Advisory Wardens;
 - improving recycling in the commercial sector;

- continuing with the *Eco-Schools* project in all schools; and
- extending fortnightly refuse collection across 32,000 households.

74 Our review of services found a mixed picture of progress in delivering the targets set for 2010-11. Good progress has been made in respect of the Advisory Wardens service; staff have been appointed and are working now across the county borough to improve recycling rates. Likewise, participation in the *Eco-Schools*⁴ project has been maintained. In other areas progress has been slow, for example improving recycling rates in the commercial sector, where activity has not been as significant.

75 In terms of the Council's performance against the measures it set to judge success, there has been an improvement in the amount of waste recycled or sent to composting; rising from 29 per cent in 2009-10 to 35 per cent in 2010-11. Likewise, the amount of waste sent to landfill also fell by approximately 2,500 tonnes between 2009-10 and 2010-11. However, the Council still remains one of the poorest performing councils in Wales, with the second lowest recycling rate for Welsh councils.

New approaches to improve the cleanliness of Blaenau Gwent have been introduced but the impact of these initiatives is not clear yet

76 Findings from the most recent Resident Survey and feedback received at local ward meetings continue to highlight street cleansing as one of the most important issues for citizens in Blaenau Gwent which they want to see the Council improve. In 2010-11, the Council set an Improvement Objective to improve the cleanliness of the county borough through the delivery of two programmes of work – the Spring Clean Launch and a focus on reducing dog fouling.

77 Our review found that the Council has made good progress against both these actions in 2010-11. A project working with the private sector to target littering and dog fouling has been implemented and the Council has appointed two roving operatives on quad bikes to tour the county borough and address dog fouling problems across Blaenau Gwent. The Council is also using Global Positioning System trackers to log and map fly-tipping locations on a central database which enables more effective and targeted enforcement activity.

78 In terms of the impact of these initiatives, the Council remains one of the poorest performers against the Welsh Governments measures of cleanliness. Performance marginally improved rising from 64.1 per cent in 2009-10 to 66.95 per cent in 2010-11 but the Council remained as the second worst performer in Wales.

⁴ The *Eco-Schools* programme is an international initiative which provides information on sustainable development and waste minimisation to schools.

79 We noted last year that the Council needed to make clear how citizens will benefit from delivery of action under this Improvement Objective. In its *Improvement Plan 2008-2012, 2011/12 Stage 2 Review*, the Council has sought to show that it measures the impact of its work and has introduced a range of new performance indicators to judge how much it is doing and also how well and if anyone is better off. However, the Council did not use these to report its 2010-11 performance. Although the Council provides first or second quarter 2011-12 performance information, it has not clearly reported the impact of its activity during 2010-11 in relation to this Improvement Objective.

Investment in highways services is improving the condition of roads in Blaenau Gwent but the impact of Council actions on improving road safety and encouraging the use of public transport remains unclear

80 The Council recognises that the condition of roads is a factor which shapes people's perceptions of the area and the performance of the Council. It can also affect road safety and economic development. Road condition can have a significant impact on Council finances if an incorrect balance between planned and responsive maintenance leads to a gradual overall deterioration in the network. For 2010-11, the Council set an Improvement Objective focused on addressing three aspects of highways management and use. These are:

- improving the condition of roads;
- reducing road traffic accidents and improving road safety education; and

- encouraging greater usage of public transport.

81 The Council has made good progress in delivering actions to support some elements of this Improvement Objective. It is using prudential borrowing to invest £5.8 million in improving the road infrastructure across Blaenau Gwent from 2011-12 to 2013-14. The Council also continues to undertake annual road safety improvement schemes to engineer out highway black spots using a £200,000 Welsh Government grant. Progress in these areas shows that the Council is investing significant resources in the highway infrastructure.

82 Performance has also improved with the proportion of 'A' roads in poor condition now close to the Welsh average in 2010-11 with 6.11 per cent in poor condition in Blaenau Gwent, compared to 6.63 per cent for Wales as a whole. This ranked the Council near the average of performance. The proportion of non-principal/classified roads in poor condition was 8.73 per cent, higher than the Welsh average of 7.9 per cent.

83 In other areas, delivery of actions and performance has not been as positive. In 2010 and 2011, the Council has continued to provide children with road safety awareness and cycle proficiency training, and 247 and 308 young people attended these classes respectively. However, currently there is only a 31 per cent take-up of classes across the county borough and as the programme is delivered by volunteers it is not comprehensive in coverage and does not cover all schools. The measures of performance the Council uses focus on how many attend classes but there is no focus on

the impact of this work. For example, the Council does not report the impact of these classes in terms of a reduction in road traffic accidents and fatalities.

- 84 With regard to encouraging people to use public transport, the Council has undertaken limited work in this area and has no meaningful measures to judge success. The focus of performance reporting has been on the percentage of adults aged 60 or over who hold a concessionary bus pass. Because the Council has not adopted clear actions on how it will encourage people to use public transport or set measures on how well it is doing, the impact of its activity and extent of meaningful benefit for citizens are unknown.

The Council reports improvements in some areas despite weaknesses in how it set its Improvement Objectives in 2010-11 and monitored performance

- 85 The Council has reported its performance in 2010-11 in a document called *Corporate Improvement Plan 2008-2012, 2011/12 Stage 2 Review* (the Performance Report). This can be provided in braille or large print on request. It is available to download from the Council's website. A summary, *Better Services for a Better Future*, gives an overview of progress in relation to corporate priorities. The full and summary versions were published by the end of October 2011 on the Council's website and printed versions have been distributed to public offices throughout the county. Welsh versions of the full and summary report are available on the Council's website. The Council has also summarised its performance in its community magazine, *Connect*. The document describes how future plans will be developed but doesn't invite citizens to become directly involved. Previous public engagement is described in the document but future engagement is not actually promoted. Contact details are provided for members of the public who may want more information or to get involved.
- 86 It is reasonable, particularly in the current climate, to expect councils to give an account of their financial performance in their performance report, reporting how much they spend in service areas, whether they are achieving planned savings and including cost comparisons. Setting out the impact in some areas of increasing demand pressures, combined with reducing external funding, would also help to manage public expectations.
- 87 The Council's improvement report, *Corporate Improvement Plan 2008-2012, 2011/12 Stage 2 Review*, includes a *How we allocate our budget to reflect what matters most* section setting out how much of every pound of council tax is spent in each service area in a diagram. The section says how much the Council aims to save but does not report what it has achieved. The Report identifies that the Council is reducing the level and cost to the Council of sickness absence and reports the decrease in the level but not the financial or service impact of this improvement.
- 88 The Report identifies that the Council is taking steps to manage the workforce implications arising from financial cuts but does not report the scale of the cuts. The Report identifies that the Council has a Medium Term Financial Strategy but does not set out how its funding is expected to change and what savings it needs to make as a result. The narrative includes some information about increasing demand in specific areas but does not identify the overall impact of this. Some information on additional investment in priority areas is provided, including external grant funding but an overview of investments, disinvestments and savings is not provided.
- 89 If the Council were to provide additional, relevant financial information, which exists within the Council, this would enhance considerably the Report's effectiveness in communicating the Council's performance to the public. It would also encourage a greater public understanding of the impact of the financial climate upon the Council and help to manage public expectations of the Council's services.

90 In our *Annual Improvement Report* of January 2011, we identified a range of shortcomings in how the Council set its Improvement Objectives for 2010-11 which would make it difficult for the Council to report its performance against them. In response to our comments, the Council revised its Improvement Objectives for 2011-12. However, the weaknesses we identified are reflected in the Council's Performance Report of activity in 2010-11. This is the first time that Welsh councils have been required to report their performance in relation to Improvement Objectives and so some opportunities for learning and improvement in how they do this are to be expected.

91 Overall, the Auditor General determined that whilst the Council has discharged its duties in relation to publishing improvement information, it needs to improve how it does this. The Council has not reported fully on its performance for 2010-11 and evaluated how well it performed. The Council's Performance Report describes how the Council has performed but an overall evaluative statement against each of the Improvement Objectives would strengthen the overall clarity and effectiveness of the Report. Some evidence sources, such as the conclusions and findings of the Care and Social Services Inspectorate Wales and the Welsh Language Board, could be more clearly referenced in the text. The Council should ensure that it continues to improve its approach in accordance with Welsh Government guidance, specifically in reporting more clearly on its own performance, demonstrating the impact of its activity and in reporting fully on progress in relation to the things it said it would do.

The Council uses a wide range of information in its self-assessment to judge how well it is performing and is doing further work on developing outcome measures, though it needs to make better use of targets and comparisons and report more fully on its performance

92 Every council needs to have good information and use it well if it is to provide good services and make them even better. The Council has well-established systems for reporting information and its Performance Report captures performance against the National Strategic Indicators where these relate to Improvement Objectives. The Council's Performance Report briefly provides a narrative on performance information in relation to progress on Improvement Objectives and outcome agreements, and also how these link to delivery of the Council's strategic priorities.

93 Little information is, however, included on performance against baselines, standards or targets and more work remains to develop outcome measures. Setting targets can be a helpful method to challenge the organisation or a specific service area to do better. Reviewing performance achieved in relation to targets provides information on whether objectives are being achieved. The Council has not reported its performance against the targets it set. This means citizens are unable to judge whether the Council is making the level of improvements it intended.

94 Some trend information is provided for some local and national indicators, and additional trend data is provided via web links and on a CD which accompanies the hard copy versions of the *Corporate Improvement Plan 2008-2012, 2011/12 Stage 2 Review*.

Comparisons with the Welsh council average are included for some measures on specific Improvement Objectives. Positively, references, extracts and data links are included to inspection and assessment reports, the annual scrutiny review conducted by the Council and there are also case studies and citizen feedback.

- 95 The Council has developed clear reporting formats within the Ffynnon performance management system and has started to improve the performance information these contain. Detailed action plans support each Improvement Objective but the extent to which Improvement Objectives are evident in service plans is variable. In order that it can accurately assess and report its performance it needs to demonstrate more clearly how planned actions contribute to outcomes, develop more outcome measures across the range of its activities, gather baseline data on existing performance consistently, identify minimum and desired standards, set annual targets for performance and ensure that these activities are monitored and reported within the established performance management system. It should publish this information in its annual Performance Report.
- 96 A high-level comparison of the Council's performance against other Welsh councils based on performance indicators published by the Local Government Data Unit (Wales) indicates that the Council's performance is patchy. In some areas it has improved its performance but in others its services continue to compare poorly with other Welsh councils. The Council's performance in 2010-11 improved against 43 per cent of indicators and declined against 26 per cent. The number

of indicators in the lower quartile reduced from 43 in 2009-10 to 34 in 2010-11.

- 97 We audited the Council's systems for managing and reporting its key Performance Indicators in 2011. We found that eight of the 26 National Strategic Indicators, which every council is required to report performance against, contained substantial inaccuracies and 11 needed to be corrected due to errors. This performance is around the average for Welsh councils.

It is not always clear if the Council delivered all the things it said it would do

- 98 The Council's Performance Report provides a summary of progress in delivering a range of activities against the Improvement Objectives. However, the narrative on progress and the quality of performance measures used do not always support a conclusion on whether the Council is meeting its Improvement Objectives. As we have noted above in our assessment on progress against individual Improvement Objectives, the Performance Report describes the work the Council has undertaken in 2010-11. But, it does not clearly state whether the actions it set out have always been delivered or show how the Council's work has improved performance or delivered improvement. By not clearly reporting on all the actions it set itself in 2010-11 and stating whether these have been delivered or not, the Council is not presenting a full picture of its performance. There is also a tendency in the various summaries of performance to describe current activity in 2011-12 against Improvement Objectives rather than to account for what was delivered in 2010-11.

The Council uses scrutiny committees to monitor performance but weaknesses in the quality of some performance reporting does not support members to effectively challenge services

- 99 Scrutiny committees have an important role to play in managing performance and supporting improvement activity. They not only act as community advocates, bringing into the Council ideas and needs of the community to help the Council develop policy, they also scrutinise the decisions made by the Cabinet, the performance of the Council and the achievement of its objectives. Within the Measure, the role of scrutiny committees is clearly identified as a key component in a council's improvement processes.
- 100 The Council has a clear framework for managing and reporting performance and has selected a range of performance information to report and judge progress against, and services report performance on a quarterly basis to Scrutiny Committees. The coverage of reports varies between departments and whilst accountability for performance is clear, the quality of the performance reports does not consistently support members, officers and citizens to evaluate the effectiveness of services. Officers and Members acknowledge that effective Scrutiny is impeded because current reporting arrangements do not routinely bring together and present sufficient information. Members do not always get the information they request and so underperformance is not being consistently challenged.

The Council has made progress in delivering its outcome agreements

- 101 Outcome agreements between the Welsh Government and individual councils set out how each will work towards improving outcomes for the local people, within the context of the Government's national priorities. Outcome agreements do not replace underlying service planning and performance management arrangements already in place. Rather, they provide an outcome-based framework and focus, for service planning, resource planning and performance management.
- 102 As part of this assessment, we reviewed the Council's *Outcome Agreement* submission to the Welsh Government. The outcome agreements mostly reflect the Council's areas for improvement. Our review found a strong correlation between the outcome agreements and the Council's Improvement Objectives and priorities for improvement.
- 103 Progress has been made in delivering most of the outcome agreements' targets. Our review of progress identified that there has been good progress in delivering most of the agreements and only one measure has not been achieved. We concluded four of the 10 measures were successful in full; five were partially successful; and one was not achieved.

104 Our assessment of the Council's evidence which underpins its outcome agreements found that the evidence to underpin the assessment is generally sound although there remain areas for improvement. These include measures to judge the impact of activity and how anyone is better off. Under some programmes, some actions to support improvements were not delivered or their impact upon the outcome sought not demonstrated. The Welsh Government has evaluated the Council's progress and has approved payment of the full grant for 2010-11.

Appendices



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 the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges 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 informed by 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. This report also summarises the Auditor General's conclusions on the Council's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in this published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

An important ancillary activity for the Wales Audit Office 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

Useful information about Blaenau Gwent and Blaenau Gwent County Borough Council

The Council

Blaenau Gwent County Borough Council spends approximately £248 million per year (2010-11). This equates to about £3,600 per resident. In the same year, the Council also spent £56 million on capital items.

The average band D council tax in 2010-11 for Blaenau Gwent was £1,381.69 per year. This has increased by 3.23 per cent to £1,426.29 per year for 2011-12. 96.5 per cent of the dwellings within Blaenau Gwent are in council tax bands A to D.

The Council is made up of 42 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

- 16 Labour
- 25 Minority Independent Group
- 1 not affiliated

The Council's Chief Executive is David Waggett. He leads the Corporate Management Team which also includes:

- John Parsons, Director of Environment and Regeneration
- Sylvia Lindoe, Director of Education
- Elizabeth Majer, Director of Social Services

Other information

The Assembly Member for Blaenau Gwent is Alun Davies, Labour Party.

The South Wales East Regional Assembly Members are:

- Mohammad Asghar, Welsh Conservative Party
- Jocelyn Davies, Plaid Cymru
- William Graham, Welsh Conservative Party
- Lindsay Whittle, Plaid Cymru

The Member of Parliament for Blaenau Gwent is Nick Smith, Labour Party.

For more information, see the Council's own website at www.blaenau-gwent.gov.uk or contact the Council at Municipal Buildings, Civic Centre, Ebbw Vale, Gwent NP23 6XB.

Appendix 3

Blaenau Gwent County Borough Council accounts and use of resources

The auditor appointed by the Auditor General issued the following auditor's report on 23 November 2011.

Councillor John Mason
Leader
Blaenau Gwent County Borough Council
Municipal Offices
Civic Centre
Ebbw Vale
NP23 6XB

Dear Councillor Mason

Annual Audit Letter to the Members of Blaenau Gwent County Borough Council

As you will be aware, on 22 November the Auditor General for Wales published his Corporate Assessment on Blaenau Gwent County Borough Council. Further to this assessment, the Auditor General for Wales will be issuing an Annual Improvement Report to each local authority by the end of January 2012. Some of the issues that were traditionally reported in the Appointed Auditor's Annual Audit Letter are and will be included in these reports. I have therefore taken the opportunity to summarise the key messages arising from my statutory responsibilities into this short letter which forms the Annual Audit Letter. The letter is designed to be a standalone document, but will also be presented to the Council and the public as part of the Annual Improvement Report and therefore discharges my reporting responsibilities under the Code of Audit Practice.

Blaenau Gwent County Borough 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 accounting statements.

On 28 September 2011 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. Alongside my audit opinion I also provided my certificate of completion of audit.

Following my confirmation of audit completion, as required by the Accounts and Audit (Wales) Regulations 2005 and the Public Audit (Wales) Act 2004, on 20 October the Council discharged its responsibility to give public notice that the audit of the accounts had been formally concluded. The Council did so in the Gwent Gazette. The report setting out both my audit opinion and certificate of completion is contained within the accounting statements.

Prior to certifying the accounting statements, on 27 September my staff reported to the Council's Audit Committee a number of matters arising from my audit of the statements. These matters were set out my Audit of Financial Statements Report (WAO reference 497A2011). Further detailed and operational matters that arose from my audit in respect of the Council's system of control are currently being discussed with officers, and will be reported to the Audit Committee in January 2012.

From 2010/11 local authorities in Wales are required to produce their accounts on the basis of International Financial Reporting Standards. My report to the Audit Committee in January will acknowledge that the introduction of these new standards imposed significant additional demands on the Council's staff, particularly its finance staff; and that despite these additional pressures the accounts were prepared and audited by the statutory deadlines in place.

My review 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 Measure (2009). The findings from this latter work are set out in the Auditor for General for Wales' recent Corporate Assessment.

My Audit Outline provided the Council with an estimated financial audit cost of some £176,000. Of this cost, £10,500 related to my audit of the Council's first-time adoption of the international accounting standards. I determined not to bill local authorities in Wales for this audit work and my estimated audit fee for the Council was therefore £165,500.

The actual cost of auditing the adoption of the international accounting standards was £22,000, exceeding the original (not to be billed) estimate of £10,500. I have therefore billed the Council the increased cost of £11,500, which officers confirmed can be funded from the Council's approved budget for External Audit Fees. I do not expect this cost to recur for the 2011-12 audit as the appropriate accounting practices and disclosures have been implemented by the Council.

Anthony Barrett
Appointed Auditor

Local electors and others have a right to look at the Council's accounts. When the Council has finalised its accounts for the previous financial year, usually around June or July, it must advertise that they are available for people to look at. You can get copies of the accounts from the Council; you can also inspect all books, deeds, contracts, bills, vouchers and receipts relating to them for 20 working days after they are made available. You can ask the auditor questions about the accounts for the year that they are auditing. For example, you can simply tell the auditor if you think that something is wrong with the accounts or about waste and inefficiency in the way the Council runs its services. For more information see the Wales Audit Office leaflet, *Council accounts: your rights*, on our website at www.wao.gov.uk or by writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.

Appendix 4

Blaenau Gwent County Borough Council's Improvement Objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific 'Improvement Objectives' that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

The Council published 10 Improvement Objectives for 2010-11 in October 2010 in its *Review of the Corporate Improvement Plan 2008-2012*. The Council published 10 updated Improvement Objectives for 2011-12 in its *Corporate Improvement Plan 2008-2012, 2011/12 Stage 1 Review*. Following the Estyn inspection report, the Council added a further Improvement Objective, to improve school attendance, published in October 2011 in the Council's *Corporate Improvement Plan 2008-2012, 2011/12 Stage 2 Review*. The Council's improvement plans and performance reports can be viewed online or downloaded from the Council's website by following the link: www.blaenau-gwent.gov.uk/council/166.asp

2010-11 Improvement Objectives	2011-12 Improvement Objectives
Undertake a formal consultation exercise in relation to proposals for post-16 education on the steelworks site to contribute to the transformation of education and learning in Blaenau Gwent.	Reorganise education in the Ebbw Fawr valley to improve educational standards.
Contribute to the reduction of the number of young people who are not in employment, education or training post-16, or are at risk of falling into this category.	Young people at risk of becoming NEET are identified early and through intervention this is prevented.
Review and improve foster carer recruitment and retention to improve placement choice for looked-after children.	Children that need to be looked after are cared for by local foster carers who are able to provide stable placements.
Promote and enable the independence of service users through the provision of extra care housing and modernising domiciliary care.	Those vulnerable people who need support from social services are enabled to lead independent and fulfilled lives, to remain in their own homes for as long as possible.
Further develop waste services that divert waste from landfill and improve recycling and composting rates.	To create a community culture where recycling, reuse and reducing of waste becomes normal behaviour for citizens, thus improving the natural environment.

2010-11 Improvement Objectives	2011-12 Improvement Objectives
Develop methods of service delivery which improve the cleanliness of the county borough.	To listen to our citizens and encourage them to promote, with our assistance, a clean, pleasant environment to enjoy and be proud of.
Maintain and improve the highways network to contribute to a safe and effective transport infrastructure.	Maintain and improve the highways network to contribute to a safe and effective transport infrastructure.
Further develop and improve channels of access to Council services for citizens.	Develop the use of emerging technology to offer a wider choice to customers in how they can access Council services.
Provide direct support and assistance to local businesses to sustain investment and economic regeneration.	To increase and sustain employment opportunities for the citizens of Blaenau Gwent through direct financial support to new and existing businesses.
Maintain and improve town centres through physical regeneration and town centre management.	Town centres are more vibrant, attractive and viable as a result of physical regeneration and town centre management for the benefit of shoppers and businesses.
	Increase pupil attendance rates at all schools.

Blaenau Gwent County Borough Council's self-assessment of performance

The Council's self-assessment of its performance, *Corporate Improvement Plan 2008-2012, 2011/12 Stage 2 Review*, can be found on the Council's website at:

<http://www.blaenau-gwent.gov.uk/council/166.asp>

Appendix 5

Progress against previous statutory recommendation and priorities for improvement

Progress in relation to the statutory recommendation made in the Full Corporate Assessment Report, November 2011

In November 2011, the Auditor General made a recommendation for improvement under section 19 of the Measure, set out below. We reported the recommendation to the Council in our Full Corporate Assessment Report.

Recommendation	
R1	Develop and agree an action plan which addresses the issues raised in the <i>Corporate Assessment Report</i> , issued November 2011, in consultation with key stakeholders including the WLGA and the Welsh Government.

The Council responded to the Auditor General's statutory recommendation within the 30 working days required. We will continue to monitor and report the progress the Council makes to address the issues raised in our Full Corporate Assessment Report.

Additional information on progress on proposals made in the Preliminary Corporate Assessment of July 2010 and the Annual Improvement Report of January 2011

Proposals for improvement	Progress
1 Develop clear priorities that contribute to achieving the Council's vision, supported by a strategic framework, including strategies for medium-term financial planning, workforce planning, ICT and asset management.	<p>A new Medium Term Financial Strategy and a new ICT Strategy have been approved by the Council.</p> <p>An Asset Management Strategy is developed as a mature draft, and is scheduled to be presented to Scrutiny in November and Executive in December.</p> <p>A review of workforce planning priorities is currently being undertaken.</p> <p>The Council has created a new Executive portfolio covering business transformation and partnerships.</p>

Proposals for improvement	Progress
<p>2 Ensure the Corporate Improvement Plan builds on public and stakeholder engagement in priority setting and the Council demonstrates community leadership to manage citizens' expectations in a context of reductions in public funding.</p>	<p>The Corporate Improvement Plan including the Council's 11 Improvement Objectives has been approved by the Council.</p> <p>Proposals to establish a Citizens' Panel in conjunction with Local Service Board partners will be presented to Scrutiny in November, prior to Council approval.</p>
<p>3 Develop an approach to challenging the value for money and sustainability of existing patterns and methods of service provision across all services and apply it consistently.</p>	<p>Work is necessary to evaluate approaches which have been tried before applying them more widely.</p> <p>The Council has created a new Executive portfolio covering business transformation and partnerships.</p>
<p>4 Train and support the Audit Committee so that it can effectively discharge its remit in relation to the Council's statutory responsibility to have arrangements in place to secure continuous improvement in its functions.</p>	<p>A formal review of the role of Audit in line with the Measure requirements has not been felt necessary. The Audit Committee has received information on the development of the Corporate Improvement Plan stage 2 prior to Council approval and also progress against the Wales Audit Office proposals for improvement set out in the <i>2011 Annual Improvement Report</i>.</p>
<p>5 Prepare the Code of Governance, setting out the Council's governance principles and arrangements and which should have been in place at 1 April 2010, as a matter of urgency.</p>	<p>The Code of Governance has been drafted and approved by the Council.</p>
<p>6 Publish its Improvement Objectives sooner in future years, according to the Welsh Government's requirements.</p>	<p>The Council published its 2011 Improvement Objectives in May 2011, in line with requirements. A further Improvement Objective focusing on school attendance was added in October 2011.</p>

Proposals for improvement	Progress
7 Set out how citizens will benefit from the improvements set out in its objectives, and ensure they are achievable in the context of reduced resources.	The Council has refined its Improvement Objectives to define more clearly the expected outcome for citizens. The Council has undertaken consultation to identify what matters most to citizens and has used this to inform its priorities and plans.
8 Develop success measures which are supported by information about how the Council performs now, what its targets are, an analysis of cost and how its performance compares with other councils.	The Council has developed some new measures and is in the process of developing others and also data collection methods. Existing measures are reported each quarter to Executive and Scrutiny.
9 Identify minimum service standards for all service areas against which performance can be monitored.	The Council has not yet identified minimum service standards but has undertaken work to gain a better understanding of the impact of saving proposals as part of the budget setting process in relation to service delivery.
10 Apply the approach to setting Improvement Objectives focused on achieving improved outcomes for citizens to planning, delivering, monitoring and reporting the full range of the Council's functions and activities.	The approach which aims to measure the positive impact Council services are having on the community is being adopted across service areas. Officers have been identified and trained, an audit of the work they have undertaken within their services areas completed, and a series of further training sessions for other officers and refresher training sessions have been scheduled.

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