



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Blaenau Gwent County Borough Council

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Non Jenkins and Nick Selwyn under the direction of Alan Morris.

Contents

Summary report	4
Detailed report	
Introduction	7
Long-standing cultural, performance and leadership problems, coupled with limited corporate capacity, have led to inconsistencies and weaknesses in how the Council plans, organises and delivers better services for its citizens	8
Performance in 2011-12 was mixed with big variances across services and more work is needed by the Council to address the significant environmental, social and economic challenges Blaenau Gwent faces	8
The Council lacks the corporate capacity and ownership necessary to consistently challenge and drive improvement across Council services. Long standing weaknesses in the application of the corporate framework for managing performance and improvement and an inconsistent assessment of progress limit the effectiveness of its self-evaluation arrangements	16
The Council is unlikely to comply with the requirement to make arrangements to secure continuous improvement during 2012-13 unless it increases the pace of change and turns its plans into action to secure sustainable improvement and impact. We will evaluate progress as part of our programme of work in 2013-14	21
Appendices	
Appendix 1 Status of this report	30
Appendix 2 Useful information about Blaenau Gwent and Blaenau Gwent County Borough Council	31
Appendix 3 Appointed Auditor's Annual Audit Letter	32
Appendix 4 Blaenau Gwent County Borough Council's improvement objectives and self-assessment	35
Appendix 5 Proposals for improvement 2012-13	37

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 relevant Welsh inspectorates, as well as work undertaken on his behalf by the Wales Audit Office, this report presents a picture of improvement over the last year. The report is in three main sections, which cover the Council's delivery and evaluation of services in relation to 2011-12, and its planning of improvement for 2012-13.
- 2 Overall the Auditor General has concluded that long-standing cultural, performance and leadership problems, coupled with limited corporate capacity, have led to inconsistencies and weaknesses in how the Council plans, organises and delivers better services for its citizens.
- 3 In the first part of our report, we conclude that performance in 2011-12 was mixed with big variances across different services and more work is needed by the Council to address the significant environmental, social and economic challenges Blaenau Gwent faces. We came to this conclusion because we found that:
 - The Council is supporting vulnerable adults to maintain their independence and is mostly performing well in comparison to other Welsh councils but social services face significant challenges and are likely to be unsustainable without additional resources or implementing new ways of working.
 - Education services remain unsatisfactory.
 - The current economic recession is contributing to rising unemployment, and the number of new private businesses in Blaenau Gwent has fallen despite significant investment by the Council. In terms of competitiveness, Blaenau Gwent is ranked the least attractive area in the UK for inward investment.
 - It is unclear whether significant capital investment is improving the condition of roads in Blaenau Gwent. Safety as measured by road casualties has improved significantly but the Council has not encouraged the use of public transport.
 - Town Centre regeneration activity is not resulting in significant improvements for citizens.
 - Performance on creating a clean, safe and sustainable environment and improving waste management and recycling services is improving but on some indicators the Council remains well below the Welsh average.
 - Processing Housing Benefits claims is improving.
 - The Council is improving its Welsh language services and more work is planned for 2013-14.

4 In the second part of our report, we conclude that the Council lacks the corporate capacity and ownership necessary to consistently challenge and drive improvement across Council services. Long standing weaknesses in the application of the corporate framework for managing performance and improvement and an inconsistent assessment of progress limit the effectiveness of its self-evaluation arrangements. We came to this conclusion because we found that:

- The Council has discharged its improvement reporting duties under the Local Government (Wales) 2009 Measure. However, it could ensure that it acts more in accordance with Welsh Government guidance.
- The Council has a framework for managing and reporting performance, but due to inconsistencies in its application and a lack of ownership and corporate capacity to challenge and drive improvement, the framework is not always comprehensive, robust or effective.
- The Council's Performance Report is not well structured or easy to read, which weakens accountability and hinders its ability to effectively judge progress and impact.
- The Council is unable to consistently judge how well it is performing because of weaknesses in the range and quality of its performance measures and limitations in its evaluation of progress.

- The reliability of data to manage performance information in some services is still not consistent and robust.

5 Finally, the report sets out our views on how well the Council is planning for, and making arrangements to support, improvement. We concluded that the Council is unlikely to comply with the requirement to make arrangements to secure continuous improvement during 2012-13 unless it increases the pace of change and turns its plans into action to secure sustainable improvement and impact. We will evaluate progress as part of our programme of work in 2013-14. We found that:

- The Council is slowly taking action to address its long-standing cultural, performance and leadership weaknesses. However, the pace and scale of change required over the next six months is considerable and it is uncertain whether the Council will achieve a sustainable and consistent improvement in services for citizens in Blaenau Gwent.
- The Council has discharged its improvement planning duties under the Measure. However, it should ensure that it acts more in accordance with Welsh Government guidance.
- Budget management systems continue to work effectively but a deficit on the 2012-13 budget and weaknesses in the Council's Medium Term Financial Strategy present significant challenges to sustaining services in the medium to long term.

- In November 2011 our review of Human Resources (HR) found that whilst HR policies provided a foundation to build upon, the Council did not have in place effective arrangements to deliver HR services that were likely to support continuous improvement.
- Partners are strongly committed to the Gwent Frailty programme vision and have created a sound programme management framework to underpin it. Gwent Frailty is in the early stages of implementation and challenges remain to ensure it is sustainable, to change established behaviours and to demonstrate its impact.
- The Council is making good progress in delivering 'The Works Ebbw Vale' (The Works).
- Project management and governance arrangements for the Six Bells Renewal Area are not comprehensive and have not supported the Council to effectively deliver its intended regeneration of the Six Bells community.
- A new Education Achievement Service for South East Wales has been created and is focussing on improving attainment within schools but it is too early to comment on the impact of the service.
- The Council's arrangements for information governance are developing and are not yet fully established. The developing collaboration with Merthyr Tydfil County Borough Council is bringing benefit and should allow the Council to make rapid progress to address the current weaknesses.

Detailed report

Introduction

- 6 Under the Local Government (Wales) Measure 2009 (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. [Appendix 1](#) provides more information about the Auditor General's powers and duties under the Measure. With help from Welsh inspectorates, Estyn (for education) and the Care and Social Services Inspectorate for Wales (the CSSIW), 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.
- 7 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 prioritised work undertaken this year.
- 8 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 them to do something about them and we will follow up what happens.
- 9 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.

Long-standing cultural, performance and leadership problems, coupled with limited corporate capacity, have led to inconsistencies and weaknesses in how the Council plans, organises and delivers better services for its citizens

Performance in 2011-12 was mixed with big variances across different services and more work is needed by the Council to address the significant environmental, social and economic challenges Blaenau Gwent faces

10 Between 2008 and 2012 the Council set itself four strategic outcomes which summarised in broad terms the priority areas the Council has been seeking to improve for its citizens and communities. The strategic priorities were focused on:

- the Council operating as an effective business;
- adults having an improved quality of life;
- children and young people having high levels of aspiration to help them reach their full potential; and
- an environment which is clean, safe and sustainable and supports social and physical regeneration.

11 Below we provide a brief analysis of how well the Council has performed in delivering improvement against these priorities during 2011-12. We have not reviewed performance against all the Council's improvement objectives.

The Council is supporting vulnerable adults to maintain their independence and is mostly performing well in comparison to other Welsh councils but social services face significant challenges and are likely to be unsustainable without additional resources or implementing new ways of working

12 Because of high levels of social and economic deprivation, Blaenau Gwent is an area in which many people have significant health and social care needs. Addressing these needs requires support from the Council and its local partners to enable vulnerable residents to live independently in their own homes. In 2011-12 the Council focussed activity on supporting people to live independently through four broad programmes of work: continuing to reconfigure the older people residential and nursing home services; implementing a new model of domiciliary care; commissioning further extra care housing schemes; and implementing the Gwent Frailty programme.

13 These projects are mostly due to be completed in 2012-13. Nonetheless, the Council's performance against national comparative data shows a mostly positive and improving picture of performance in supporting people to maintain independence:

- Delayed transfers of care, per 1,000 population aged 75 or more has fallen from 3.91 in 2010-11 to 1.23 in 2011-12. The Council is the fourth best performer of the 22 councils in Wales in 2011-12 with performance significantly better than the Welsh average of 5.03.

- Older people helped to live at home, per 1,000 population aged 65 or more, has marginally fallen from 142.81 in 2010-11 to 140.73 in 2011-12. Notwithstanding, this places the Council as the second best performing Welsh council and well above the Welsh average of 78.6.
 - In 2011-12 the Council supported 87.5 per cent of adults it was dealing with to live independently in the community. This was the eighth best performance for the 22 Welsh councils and above the Welsh average of 86.55 per cent.
 - The number of people in local authority funded residential and nursing care is the fourth highest in Wales. The Council recorded a rate of 24.32 older people per 1,000 population aged 65 or above in care homes in 2011-12, a marginal rise from 23.6 in 2010-11. This is higher than the Welsh average of 21.35.
 - In 2011-12 the Council had the second highest level of revenue expenditure per head of population on Social Services in Wales.
- 14 CSSIW published its *Annual Review and Evaluation of Performance for 2011-2012* for social services in Blaenau Gwent in October 2012. The evaluation report outlines a number of areas of progress as well as areas for improvement or development. The report can be found on the CSSIW website: (<http://wales.gov.uk/cssiwsite/newcssiw/publications/lareviews/20112/?lang=en>).
- The following paragraphs are drawn from the report.
- 15 'Overall, Blaenau Gwent social services are performing well despite the considerable financial challenges the Council is facing. It has continued to make progress in implementing a programme of change across both service divisions and is making a particular effort to streamline processes and structures. The Council has a strong history of working in partnership with other local authorities, health partners and the third sector.'
- 16 In adult services the Council has successfully pursued a programme of modernisation. In recognising that traditional services no longer meet the needs and aspirations of older people, the majority of local authority run residential homes have been closed. Greater independence for older people is being promoted through innovative services such as housing based 'extra care' developments. There are some areas which would benefit from further development and attention, particularly services for older people with complex mental health needs. Working jointly with partners from Aneurin Bevan Health Board has been instrumental in this.'
- 17 The Council has been pursuing integration of its social services functions with Caerphilly County Borough Council. Given the financial constraints on Council budgets it was recognised that integration offered real benefits to both improve the quality and range of services offered to vulnerable people but also support the creation of more sustainable services. In recent months the integration has been put on hold whilst both partners formally review progress. This has resulted in detailed business cases being prepared by the respective partners to decide on the level of integration that

should be pursued. At the time of reporting no decision had been taken and it remains unclear whether the integration of social services will progress or not. Irrespective of that decision, the Council recognises that it needs to increase funding in social care and intends to secure £1 million from other services to increase the base budget in 2013/14 and beyond.

Education services are unsatisfactory

- 18 We work closely with, Estyn (Her Majesty's Inspectorate of Education and Training in Wales) who inspect 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.
- 19 In May 2011 Estyn inspected the Council's education service for children and young people and judged both its performance and prospects for improvement as unsatisfactory. The Minister for Education responded to these conclusions by removing the Council's direct control of education services and appointing four commissioners for education two of which took on the mantle of cabinet member.
- 20 In January 2013 Estyn re-inspected the local authority's education services and its findings will be published soon. Prior to the inspection the Minister for Education re appointed one of the Commissioners full-time to continue to have executive responsibilities for education in Blaenau Gwent.

The current economic recession is contributing to rising unemployment, and the number of new private businesses in Blaenau Gwent has fallen despite significant investment by the Council. In terms of competitiveness, Blaenau Gwent is ranked the least attractive area in the UK for inward investment

- 21 Blaenau Gwent suffers from a high level of social and economic deprivation and is likely to feel the effects of the economic recession more severely than more affluent areas. Increasing employment is therefore an appropriate and important activity for the Council to focus on in the current economic climate. One of the Council's improvement objectives is to increase and sustain employment in Blaenau Gwent through investment and support to new and existing businesses. In 2011-12 the Council provided a range of grants and delivered a series of funding programmes targeted at supporting business expansion and Ebbw Vale was also one of seven areas in Wales to be designated an Enterprise Zone¹ by the Welsh Government to attract inward investment. This investment included money under the kick start programme to create new private sector businesses and economic development monies for social enterprises. At October 2011 the Council reports that it had invested £450,700 which had resulted in 26.5 jobs created and three new business start-ups. By May 2012 this had increased to investment of £1.2 million, which had supported the creation of 396 jobs and 41 new businesses.

¹ Enterprise Zones offer specific incentives to attract new business to prime locations in Wales and were declared as priority areas for inward investment.

22 We acknowledge that the tightening global credit crunch and economic recession is likely to impact on the ability of councils to create and sustain jobs as performance against other national comparative data shows that:

- There has been a fall in the number of people in employment in Blaenau Gwent. The Office for National Statistics Information Service² (NOMIS) records that the number of people in employment fell between 2010-11 and 2011-12, from 26,700 to 25,700, a reduction of 3.7 per cent. Blaenau Gwent has the lowest employment rate amongst the 22 Welsh councils, recording 58.5 per cent of its working age population in employment in 2011-12. This is well below the Welsh average of 66.6 per cent. The proportion of the working age population looking for employment also increased from 12.9 per cent to 15.5 per cent between 2010-11 and 2011-12.
- There has been an increase in the number of Blaenau Gwent residents claiming unemployment benefits. The number claiming unemployment related benefits rose from 2,995 in April 2011 to 3,442 in April 2012. This equates to a rise of 1.1 per cent from 6.8 per cent in 2010-11 to 7.9 per cent in 2011-12. Blaenau Gwent has the highest proportion of claimants in Wales, almost double the Welsh average of 4 per cent.

23 With regard to supporting business start-ups, national data again suggests there has been less improvement in creating new businesses in 2011-12. The Council reports that it supported 41 new business start-ups by May 2012. However, comparable national data published by the Office of National Statistics shows that the number of active business enterprises in Blaenau Gwent in 2011 was 1,215, a fall of 35 from 1,250 in 2010.

24 As a measure of success, the UK Competitiveness Index³ is a good barometer to judge how well Council's, regions and countries in the UK are performing in attracting new private sector investment as well as supporting existing businesses to flourish. Because the Index is published every two years data is not available to make an assessment for 2011-12. In 2010 Blaenau Gwent was ranked 379 out of the 379 councils, the least competitive place for new businesses in the UK. In 2008 the Council was also ranked 379 out of 379. Comparatively, Wales is the least competitive region in the UK.

² NOMIS is a web-based database of labour market statistics.

³ The UK Competitiveness Index represents a benchmarking of the competitiveness of the UK's regions and localities and has been designed as an integrated measure of competitiveness focusing on both the development and sustainability of businesses and the economic welfare of individuals. The Index therefore considers the capability of a local economy to attract and maintain private businesses with stable or rising market shares in an activity, while maintaining stable or increasing standards of living for those who participate in it.

It is unclear whether significant capital investment is improving the condition of roads in Blaenau Gwent. Safety as measured by road casualties has improved significantly but the Council has not encouraged the use of public transport

- 25 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 and 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 2011-12 the Council has continued to prioritise: improvements to the highway focussing on improving the condition of roads; reducing road traffic accidents and improving road safety education; and encouraging greater usage of public transport.
- 26 In 2010-11 the Council prudentially borrowed £5.8 million for investment in improving the road infrastructure across Blaenau Gwent in the period 2011-12 to 2013-14. For 2011-12 the Council has not reported in its 'Performance Report' either the level of expenditure that has been made to date or the resulting improvement to the highway network that have been realised as a result of this investment, primarily because on site work did not commence until the fourth quarter in the year and has run into 2012 13. Consequently, it is difficult to gauge the impact of this investment in 2011-12.
- 27 For 2011-12 the national comparative data on roads in poor condition changed and only one composite measure is now used. For 2011-12 some 11.6 per cent of Blaenau Gwent roads were classified as being in a poor condition. This ranked Blaenau Gwent as the Welsh area with the sixteenth poorest road infrastructure in Wales, marginally above the Welsh average of 11 per cent.
- 28 In other areas, delivery of actions and performance is mixed. The Council has continued to provide children with road safety awareness and cycle proficiency training, and 210 and 305 young people attended these classes respectively in 2011 12. The Council's measures of performance however focus on how many attend classes, not the impact of this work. Nonetheless, between 2008 to 2011 national data reports that the number of road casualties in Blaenau Gwent fell from 240 to 120. In terms of cyclists, the proportion rose over the same period rising from 1.7 per cent to 2.5 per cent. In terms of comparative performance Blaenau Gwent had the lowest number of all road casualties in 2011. In 2008 it was ranked fifth.
- 29 With regard to encouraging people to use public transport, the Council undertook no work in 2011-12 and has not therefore improved access to public transport for its citizens. 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. There are also very few national measures

that are available to judge how well councils' performance compare. One such measure is the proportion of residents over 60 with a concessionary bus pass. Since 2009-10 the proportion of Blaenau Gwent residents over 60 with a concessionary bus pass has fallen from 93.2 per cent to 84.9 per cent in 2011-12.

Town Centre regeneration activity is not resulting in significant improvements for citizens

- 30 Regeneration plays a pivotal role in planning and delivering a sustainable prosperous economy. Regeneration policies encompass a range of integrated activities which aim to reverse economic, social and physical decline in order to achieve lasting improvements for communities and citizens. One of the key priorities for the Council is the regeneration of town centres to improve tourism and encourage businesses.
- 31 There is limited national comparative data to judge performance of regeneration activity and improvement has to be determined largely by the Council's local performance data. The Council has been successful in securing £25 million for two major town centre regeneration programmes in Ebbw Vale and Abertillery, which are being delivered between 2010 and 2015. For 2011-12 the Council has focussed its town centre regeneration activity on several strands. These include: the provision of business grants; the delivery of town centre regeneration schemes; and town centre events to promote Blaenau Gwent and encourage tourism.
- 32 Performance against these measures suggests that there has been limited improvement in 2011-12, with much activity planned to be delivered in 2012-13. We found that activity for a number of projects was behind target, for example: Ebbw Vale Town Centre Regeneration Programme; streetscape improvements along Church Street, Abertillery; and consultation events on High Street/Somerset Street.
- 33 We also qualified the measure relating to percentage decrease in business premises unoccupied within town centre boundary, where the Council reported that performance had improved by 0.87 per cent when in fact it had declined by 0.2 per cent. This means that the number of empty town centre properties increased in 2011-12 despite the Council's investment and support work. An analysis of local performance data on vacancy rates within towns in 2011-12 shows an improving position in Abertillery, Brynmawr and Ebbw Vale where the number of vacant units has fallen. Conversely, there has been an increase in vacant units within Tredegar and Blaina in 2011-12.
- 34 We acknowledge that by its nature regeneration can take a long-time to be delivered and it is not always possible to demonstrate the benefits of activity immediately. It is therefore important that the Council has appropriate outcome measures in place that enable a long-term assessment of the impact of its work.

Performance on creating a clean, safe and sustainable environment and improving waste management and recycling services is improving but on some indicators the Council remains well below the Welsh average

- 35 The Council has two priorities for improving the environment of Blaenau Gwent. These are: to listen to citizens and encourage them to promote a clean, pleasant environment to enjoy and be proud of; and to create a community culture where recycling and the reducing of waste becomes normal behaviour for citizens.
- 36 Our review of services found that the Council has continued to develop its approach to improving the cleanliness of the county borough. The Council has introduced new working patterns creating a multi skilled workforce and is working with external agencies in tackling litter and dog fouling. The Council reports that during 2011-12 over 1,100 fixed penalty notices were issued for littering and dog fouling offences. However, the Council does not record: how many of these notices resulted in further action; how much income was raised; or whether the use of fines has resulted in a reduction in littering and dog fouling offences.
- 37 The Council successfully prosecuted 10 fly tipping offenders in 2011-12 as a result of its use of covert CCTV equipment at identified fly tipping 'hotspots'. The number of reported fly tipping incidents has reduced significantly falling from 381 in 2008-09 to 177 in 2011-12 and the Council was the best performing Welsh Council in 2011-12.

- 38 The Council successfully implemented fortnightly garden waste collection service for all residents and is now providing an 'on request' service for electrical items and bulky household furniture. This is being developed into a partnership with local charities to provide outlets for the resale of this furniture.
- 39 The number of recycling collection sites in the county borough has also increased from six to 11 sites. Whilst the recycling rate improved from 35.2 per cent in 2010-11 to 42.3 per cent in 2011-12, the Council remains one of the worst performing in Wales. It was ranked 20 out of 22 councils in Wales in 2011-12 and remains well below the Welsh average of 48.5 per cent. With regard to waste sent to landfill, the Council has seen a significant improvement with the proportion falling from 64.5 per cent in 2010-11 to 46.3 per cent in 2011-12. This was close to the Welsh average and ranks the Council as the twelfth best performer amongst the 22 Welsh councils.

Processing Housing Benefits claims is improving

- 40 The Council's arrangements for administering housing benefit are supporting improvement. Processing times for new claims have remained unchanged over the last two years, slightly longer than the Welsh average. Change of circumstance notifications are dealt with more quickly than the Welsh average and have improved from the previous year. More claims are now decided within 14 days than in the previous year and higher than the Welsh average. The number of claims outstanding for more than 50 days has improved but remains higher than the Welsh average.

41 The percentage of claims calculated correctly fell slightly from the previous year, and is below the Welsh average, but the service has recognised that accuracy is important and has now strengthened internal arrangements for quality assurance. A higher percentage of overpayments was identified and recovered than in the previous year. More counter fraud investigations have been undertaken and a higher number of successful sanctions achieved. Fewer applications for reconsideration or revision have been made and applications are dealt with quickly. Appeals have increased, but are dealt with more quickly than the national average.

The Council is improving its Welsh language services and more work is planned for 2013-14

42 The role of the Welsh Language Commissioner was created by the Welsh Language (Wales) Measure 2011. Over time, new powers to impose standards on organisations will come into force through legislation. Until that time, the Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993. The Commissioner works with all local authorities in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of local authorities to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every local authority is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses

every monitoring report; provides a formal response and collects further information as required. The Commissioner summarises her views of Welsh language services in Blaenau Gwent as follows:

43 'The Council has identified areas for continuous improvement. Having implemented changes to increase the Welsh language content on its corporate website, the Council has established a content management system and an internal working group to ensure that the service continues to improve. The Council is also committed to ensuring Welsh language provision in its involvement with social media. The Council's priority for the next period will be to improve the linguistic skills of its workforce by implementing its Welsh Language Skills Strategy.'

The Council lacks the corporate capacity and ownership necessary to consistently challenge and drive improvement across Council services. Long standing weaknesses in the application of the corporate framework for managing performance and improvement and an inconsistent assessment of progress limit the effectiveness of its self-evaluation arrangements

The Council has discharged its improvement reporting duties under the Local Government (Wales) 2009 Measure. However, it could ensure that it acts more in accordance with Welsh Government guidance

44 In our second *Improvement Assessment Letter* to the Council (December 2012), we reported that the Council had published its *Annual Self-Evaluation Report of Performance* (Performance Report) in October 2012. This included the Council's assessment of how it performed during 2011-12 and also its plans for improving its services in 2012-13. Our review reported that the Council could act more in accordance with Welsh Government guidance by including the recent conclusions from other regulatory and inspection bodies (Estyn and CSSIW); information on the benefits achieved from collaboration to date; a more rounded view of its own performance; and making the report more accessible to citizens at the time it is published.

The Council has a framework for managing and reporting performance but due to inconsistencies in its application and a lack of ownership and corporate capacity to challenge and drive improvement, the framework is not always comprehensive, robust or effective

45 We found that performance management is coordinated and overseen across the Council by the Strategic Business Unit. The Strategic Business Unit provides a supporting role to services, but does not drive performance or manage and provide internal challenge across the Council's services. These responsibilities rest with the individual services as the 'owners' of improvement and services are accountable for reporting their own performance against Improvement Objectives. We have concerns that the Council does not have the corporate capacity to drive through the necessary changes to deliver improvement and needs to address this.

46 In our December 2012 letter we noted that some Council services have established effective systems to manage and report their performance and we found evidence that performance management is used to evaluate activity and drive improvement. For example, Social Services have long established and structured approaches to performance management with clear lines of accountability. We also found that the weaknesses identified in areas for improvement in the Education arena are now being addressed. It is clear that in both Education and Social services, performance management is seen as important and

necessary and is being used to help evaluate and support managers to improve performance and the services the Council delivers.

47 However, the weaknesses we previously identified in other services – Regeneration and Highways for instance – remain and there is little evidence of change or improvement in how these services evaluate their performance. For example, the Council has established detailed action plans to support the delivery of each Improvement Objective but the extent to which Improvement Objectives are evident in service or business plans and reporting is variable. Regeneration and Highways had no plans for 2011-12 and were simply using Ffynnon⁴ to record their performance against indicators. This limits the service's ability to effectively plan, drive and manage improvement, and link with other Council services or partners who could positively impact on delivery of the Improvement Objectives.

48 We also found that service reports to scrutiny do not consistently report performance against the same set of measures. These measures often change from one quarter to the next, which consequently makes it difficult to judge how well or how poorly the service is doing. Reports also fail to review progress against the range of actions agreed to be delivered under each Improvement Objective, so it is not possible to gauge whether the Council is doing what it said it would do or is focussing

on the right things to improve a service's performance. Because the coverage and quality of performance and reporting in 2011-12 still varies significantly between departments and the quality of information remains inconsistent and not always robust, the Council is not able to reliably manage and report its performance to support improvement.

49 However, CSSIW reports in its annual review and evaluation of performance 2011-12 that the Director's report⁵ provides a comprehensive account of the authority's performance. CSSIW notes that the Council's evaluation of its social care services is balanced in recognising the achievements during the year whilst acknowledging challenges and identifying areas that require further attention. The difference in the conclusions of regulators amply demonstrates there is an inconsistency in how effective individual council services are at managing and evaluating their performance.

50 The Council has responded to our comments on its corporate capacity to support improvement and is introducing new processes to strengthen performance management and challenge at scrutiny. This includes:

- Making the Director of Social Services the Corporate Management Team (CMT) lead for performance management across the Council with responsibility for overseeing the new arrangements.

4 Ffynnon is a nationally procured software solution to meet the performance management requirements of local authorities, fire and rescue services, national park authorities and their partners.

5 An annual review of a council Social Services performance undertaken by CSSIW which includes an assessment of a council's self-evaluation of its performance (often called the 'Directors report'). CSSIW provide an overall evaluation of performance, identify areas of progress and areas for development.

- Creating an internal Corporate Improvement Network (CIN) group with membership from all Directorates who will be accountable for driving improvements in performance management.
- Developing new approaches to address the findings of external regulators and introducing new annual performance reporting and self-evaluation arrangements for all Council services.
- Introducing a new self-assessment framework for services which has been developed with the assistance of the Local Government Data Unit (Wales) and the Welsh Local Government Association.
- Working with the Welsh Local Government Association to improve how the Executive and Corporate Management Team manage and challenge performance.

51 We will review these new approaches and report on their effectiveness in our future work.

The Council's self-evaluation is not well structured or easy to read and because of weaknesses in the range and quality of its performance measures it is not always possible to effectively judge what progress it is making and whether it is having a positive impact on citizens

52 Effective self-evaluation is dependent upon the creation of a culture that routinely challenges and evaluates its own performance objectively, values and uses information well, and has good standards of, and a focus on, quality data and reporting to enable a rounded judgement of performance.

53 In our second *Improvement Assessment Letter* (December 2012) we highlighted that the Council's self-evaluation arrangements are weak and because of the poor quality of its performance measures it is not possible to judge how well services are performing. The Council produced a poorly structured, confused and difficult to read annual evaluation report of its performance in delivering its Improvement Objectives (Performance Report). We found that the performance data reports activity against October 2011 and May 2012, as well as the 2010-11 and 2011-12 financial years. This presents a confused picture of activity as it cuts across financial years and the narrative does not clearly inform the reader of the rationale or story behind the performance.

- 54 The Council did include some good information on revenue and capital expenditure and collaboration activity and has continued to roll out its outcome based accountability⁶ performance reporting framework. However, the Council's system for monitoring and evaluating the performance of its services is not always clear, is structured poorly and consequently does not support effective performance management in all service areas. This inconsistent approach to monitoring and evaluating services is a long standing weakness.
- 55 We also identified an inconsistency in how well embedded outcome based accountability is within the Council. In some areas, the range and quality of performance measures used enable an evaluation of progress. For example, the Improvement Objective relating to increasing pupil attendance rates in all schools where the Council's evidence and assessment clearly shows the progress that has been made through the delivery of actions and the measures used to assess progress are clear and appropriate.
- 56 In other areas however, the evidence base and evaluation is not as robust. For example, there are Improvement Objectives on the use of emerging technology to offer a wider choice to customers in how they can access Council services and improving the condition and safety of highways. For these Objectives we found that the Council is evaluating itself against a poor range of performance information that does not allow it to demonstrate the positive impact of its work. These are long-standing weaknesses that we have previously commented on but some of these (Highways) have not been reviewed and improved. This lack of progress means that the Council continues to be unable to evaluate how well it is doing and is not learning from external challenge to its performance.
- 57 The Performance Report outlines in various places the Council's performance against various measures. The Council reports its actual performance for the last four financial years (2008-09 to 2011-12) as well as comparing performance with the Welsh average. This could be improved further through the inclusion of the Council's ranking amongst the 22 Welsh councils, its change in ranking over time and its relative performance compared to other councils to judge more effectively the rate of improvement.
- 58 The Council has included a comparison with Merthyr Tydfil County Borough Council on some performance measures under its Improvement Objectives, but this is a narrow focus and does not present a rounded perspective on how well it is performing. There is also no commentary included to explain what the indicators purport to monitor or what they mean and no summary to state whether performance globally is improving, declining or standing still. On some measures in some years no data is entered and no explanation is given for this omission. This presents an incomplete picture of performance.

⁶ Outcome Based Accountability is focussed on judging impact and outcomes and the difference services can make to peoples 'quality of life' and is an approach to planning and assessing the performance of services that focuses on the results – or outcomes – that the services are intended to achieve.

- 59 The Council's self-evaluation for 2011-12 does not assess its performance against any targets, even where they exist. For example, social services set targets for key performance measures which are monitored on a quarterly basis but this information and these targets are not included in the Council's self-evaluation. This omission means that the Council is not able to report how effective it is at meeting its targets and citizens are unable to see whether the Council is achieving the level of improvements it intended.
- 60 Finally, the self-evaluation report lacks an overall evaluative statement against each of the Improvement Objectives, clearly denoting whether the Council believes it has been successful or not. The absence of evaluative statements undermines the Council's self-evaluation arrangements and hinders the Council and the public from understanding whether the Improvement Objectives have been achieved. This weakens the Council's accountability to citizens.

The reliability of data to manage performance information in some services is still not consistent and robust

- 61 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 its performance and we have recently audited these systems to assess how effective and reliable these arrangements are. The measures selected for audit are a mixture of National Strategic Indicators, Public Accountability Measures, Service Improvement Datasets, and local measures developed by the Council. All those audited are measures the Council uses to judge how well it is delivering its Improvement Objectives and whether it is making a difference for its citizens.
- 62 We found that of the 27 measures audited, four had to be qualified and six needed to be corrected due to errors. This is consistent with our audit of performance data in 2010-11 where we found that eight of the National Strategic Indicators contained substantial inaccuracies and 11 needed to be corrected due to errors. The Council still does not have effective systems to produce accurate and reliable data in some service areas.
- 63 The auditor appointed by the Auditor General recently gave his opinion on the Council's accounts and based on this the Appointed Auditor's view is that the Council complied with its responsibilities relating to financial reporting and use of resources. [Appendix 3](#) gives more detail.

The Council is unlikely to comply with the requirement to make arrangements to secure continuous improvement during 2012-13 unless it increases the pace of change and turns its plans into action to secure sustainable improvement and impact. We will evaluate progress as part of our programme of work in 2013-14

The Council is slowly taking action to address its long-standing cultural, performance and leadership weaknesses, but the pace and scale of change required means it is uncertain whether the Council will achieve a sustainable and consistent improvement in services for citizens in Blaenau Gwent

64 In recent years the Council has experienced significant challenges in improving its services. In November 2011, the Auditor General issued a Corporate Assessment of the Council's arrangements to secure continuous improvement. The Corporate Assessment concluded that some progress had been made towards making key improvements, but unless inconsistencies and weaknesses in how the Council is run were addressed, it was unlikely that the Council would sustain significant improvement. The overall assessment of the Council's arrangements concluded that the Council was unlikely to comply with its statutory duty and a statutory recommendation was made. The Council responded to the Auditor General's statutory recommendation and submitted an action plan in March 2012 setting out the proposed programme of change to address these weaknesses.

65 In 2012-13 we have looked at the Council's internal arrangements and systems, which are essential in supporting it to improve. The Council has continued to refine its action plan as part of its 'Corporate Recovery Programme' (the Programme). The Programme has been developed

through intensive and regular engagement with members and senior officers across the Council, both prior to and following the local government election in May 2012. The election brought a change to the Council's leadership and administration and is now led by the Labour Group.

66 The Programme aims to deliver five broad outcomes, underpinned by 27 areas for improvement and 149 individual actions. All of these actions are to be delivered between May 2012 and January 2014, with the bulk to be completed within 2012-13. By February 2013: 112 actions were underway within the timeframe set; 24 actions were yet to start; and the remainder were behind target. As part of our work in 2013-14 we will continue to review progress in delivering these actions and will evaluate and report our conclusions as to whether they have had the desired result in addressing the weaknesses we previously reported.

67 In July 2012, the Council agreed to appoint the Chief Executive on a permanent basis (he had formerly held the position on an interim basis). Earlier in 2012 the Council also appointed a Director of Recovery for Education. These appointments, coupled with the commitment that the Members across all political groups have given to work together, and the work planned under the Corporate Recovery Programme, are important steps in addressing the significant challenges the Council faces.

68 In recent years our reports have concluded that in order to improve the Council needs to tackle some fundamental and long standing cultural, performance and behavioural

weaknesses. To be successful and secure the improvements sought, the Council needs effective leadership, consistent management and delivery to ensure that the changes it is embarking on result in better outcomes for citizens. With fewer resources available to support improvement across Wales, some failing services, poor performance and limited capacity, the Council faces significant challenges.

69 We have consequently concluded that at this time the Council is unlikely to comply with the requirement to make arrangements to secure continuous improvement during 2012-13. Given the Council's recent history and the deep rooted problems it needs to overcome, we will continue to monitor the Council's plans and report on whether this programme of change is delivering the benefits that are desired.

70 We do not consider it necessary to make any additional recommendations at this time. However, we will judge how effectively the Council is progressing in delivering 'the Programme' in our next corporate assessment. We will also provide ongoing challenge and continue to review services in the next 12 months to evaluate whether the improvements required are being delivered and are addressing the weaknesses we have previously identified.

The Council has discharged its improvement planning duties under the Measure. However, it should ensure that it acts more in accordance with Welsh Government guidance

- 71 The Council's *Performance Report* published in October 2012 updates the Council's Improvement Objectives for 2012-13 and these have been revised under the new administration in Blaenau Gwent. For 2012-13 the Council has set three high level outcomes that it is striving to positively impact on over the next five years. These are:
- Children and young people's learning and achievement levels are maximised.
 - People and communities are enabled to help themselves.
 - The living environment is vibrant and attractive.

72 Below these three population level outcomes sit the Council's Improvement Objectives. The Performance Report includes an explanation of why and how these priorities were chosen and how the Improvement Objectives reflect the key priorities for the Council and focus specifically on areas where there is a need to improve the quality of life for local people. The basis for selecting each of the Improvement Objectives is clearly set out and includes: feedback from the Council's service users; the views of its strategic partners and stakeholders; Welsh Government priorities;

and local community issues. For 2012-13 onwards the Council has revised its Improvement Objectives and is focussing on 10 priorities. The changes in Improvement Objectives between 2011-12 and 2012-13 are set out in [Appendix 4](#).

- 73 We have previously reported that the Council needs to improve the quality of the action plans it establishes to deliver improvement against its priorities and create better measures of success, set baseline data and targets for improvement that are consistently evidenced. In the past these inconsistencies have meant that it has not been possible to gauge the outcome of the Council's work in delivering the Improvement Objective, or judge whether it is having a positive impact.
- 74 In our first *Improvement Assessment Letter* to the Council (September 2012), we reported that there is an inconsistent picture in how well the Council is making progress in responding to our findings. Since this time the Council has introduced new systems to coordinate and manage the delivery of the findings of external regulators. A single action plan has been developed which: captures progress in addressing the proposals for improvement; identifies the supporting evidence to be used to judge the impact of planned actions; and tracks where progress is monitored and evaluated to ensure those charged with improvement are accountable for their performance.
- 75 The Council has established an effective system to engage with external regulators through regular meetings between the Council's cabinet members and senior officers and representatives of the Wales Audit Office, Estyn and CSSIW. These meetings are an effective conduit for feeding back the conclusions of regulatory work and provide all regulators with the opportunity to gauge how the Council is responding to findings of inspections and other assessments. Overall the Council is open to challenge and actively engages with regulators.
- 76 One area where the Council needs to strengthen its accountability arrangements is with regard to the internal reporting of our service based and thematic reviews. These are often not presented to the appropriate scrutiny committees and, even where members receive such reports, the findings are not always presented in a balanced way to enable the committee to scrutinise and challenge the performance of the service. This weakens transparency and does not support effective governance. The Council is currently revising its scrutiny arrangements to address this matter.

Budget management systems continue to work effectively but a deficit on the 2012-13 budget and weaknesses in the Council's Medium Term Financial Strategy present significant challenges to sustaining services in the medium to long term

- 77 In our first *Improvement Assessment Letter* to the Council (September 2012) we reported that the Council adopted its first Medium Term Financial Strategy in October 2011. We identified a number of weaknesses with the Council's financial planning. The Medium Term Financial Strategy does not indicate the detailed measures that the Council needs to apply in order to address the medium term revenue and capital funding pressures it faces. The Medium Term Financial Strategy also lacks detailed information in key areas.
- 78 We reported in September 2012 that limited work has been undertaken by the Council on demographic changes, service standards, eligibility criteria or the robustness of services, primarily because medium term needs/demand information is not well developed and readily available. In most areas of operation the Council has not determined the level and type of service it wants to provide based on an assessment of statutory and non-statutory requirements or determined service levels based on agreed minimum standards. A revised Medium Term Financial Strategy has recently been presented to the Council.
- 79 The 2012-13 revenue budget is £133.56 million. In September 2012 the Council reported that its revenue budgets were overspent by £1.235 million, mainly due to financial pressures in Social Care and Education. By December 2012 the reported budget overspend had reduced to just under £1 million as a result of implementing a series of short-term measures. These have included a freeze on recruitment and limitations on overtime, training, travelling and supplies and services. Whilst these immediate measures have enabled the Council to reduce expenditure, further work still remains to be done to balance the budget at year end and the Council is working hard to achieve this.
- 80 The Council has approved £86.7 million of capital expenditure in 2012-13. At December 2012 the Council reported that it had spent £56.3 million and an estimated £30.4 million remained to be committed by the end of the financial year, 35 per cent of the total budget. The Council was also reporting that it was overspent on several capital projects in the region of £0.5 million.
- 81 The Council faces significant financial challenges over the next few years due to anticipated reductions in both revenue and capital funding from Government and increased demand for some services. The Council needs to reduce expenditure by approximately £4 million to balance its 2013-14 budget and is likely to have to make further annual savings because of predicted future reductions in public spending. It also plans to increase expenditure on Social

Services in 2013-14, which it estimates is currently under funded by some £1 million, and is currently identifying options to achieve this.

- 82 Like many councils, Blaenau Gwent's current approach to savings is to shave budgets and reduce elements of its expenditure in year and protecting frontline services wherever possible. Whilst this has addressed some of the short-term funding gaps, it does not present the fundamental review of budgets following zero based principles and a robust examination of service delivery options that is needed to ensure the Council remains financially viable in the medium to long term. At present the Council remains over-reliant on its annual budget process. We are at this time completing detailed work on the impact of budget savings on three services to ascertain their ability to continue to deliver the Council's statutory requirements with less money and their sustainability in the long-term. We will report on this work in the future.

In November 2011 our review of Human Resources (HR) found that whilst HR polices provided a foundation to build upon, the Council did not have in place effective arrangements to deliver HR services that were likely to support continuous improvement

- 83 Effective use of staff is essential for transforming the delivery of public services, improving outcomes for citizens and delivering efficiency savings. The HR function supports managers in achieving these objectives.
- 84 We reviewed HR services in late 2011-12 and reported our findings in early 2012-13 concluding that whilst HR polices provided a foundation to build upon, the Council did not have in place effective arrangements to deliver HR services that were likely to support continuous improvement.
- 85 We reached this conclusion because we found that the Council has no distinct strategic HR vision, HR support for decision making has often been reactive, and current delivery arrangements are not effectively measured throughout the Council. We found that policies are a sound foundation for achieving measurable improvement of HR activities throughout the Council, and their use needs to be monitored.

86 Workforce planning is finance driven but not aligned to the Medium Term Financial Strategy. Information Technology does not support the delivery of HR services and this is being addressed through the introduction of a new payroll and HR system in 2013-14. Whilst HR risks have been identified and are being managed, some fundamental challenges and risks remain in some areas for the Council to address. Employee relations are good and this should help the Council make the service changes it considers necessary.

Partners are strongly committed to the Gwent Frailty programme vision and have created a sound programme management framework to underpin it. Gwent Frailty is in the early stages of implementation and challenges remain to ensure it is sustainable, to change established behaviours and to demonstrate its impact

87 From April 2011 Aneurin Bevan Health Board and Blaenau Gwent, Caerphilly, Monmouth, Newport and Torfaen councils began implementing an ambitious integrated model of health and social care called the Gwent Frailty Programme. The Gwent Frailty programme has legal status under a Section 33 Partnership agreement⁷ between the Health Board and the five local authorities and is supported by £6.9 million of Invest to Save Funding from the Welsh Government. The Gwent Frailty programme's aims have significant relevance to the way in which the public sector bodies involved use their

resources and are central to the delivery of improvement priorities at all agencies involved.

88 The Wales Audit Office undertook an initial review of the arrangements for the Gwent Frailty programme implementation, focused on providing early assurance in relation to governance arrangements and direction of travel towards achieving intended aims and outcomes, rather than an evaluation of success. We concluded that partners are strongly committed to the Gwent Frailty programme vision and have created a sound programme management framework to underpin it. The Gwent Frailty programme is in the early stages of implementation and challenges remain to ensure it is sustainable, to change established behaviours and to demonstrate its impact.

89 Our report contains proposals for improvement. These are being taken forward by the Programme Board and an action plan to address these recommendations is being completed. We will continue to review progress with the programme and will also monitor the action plan. We also anticipate undertaking follow-up work.

⁷ A partnership agreement under Section 33 of the National Health Service (Wales) Act 2006 has been established to allow for the integration of health and social care services and the pooling of budgets to deliver the Gwent frailty project.

The Council is making good progress in delivering The Works

- 90 'The Works Ebbw Vale' (The Works) is the regeneration of the former steelworks site in Ebbw Vale. The ambitious project is designed to transform the 200-acre site through the investment of approximately £169 million. The Works is funded via a range of sources and partnerships including the Welsh Government, convergence monies from the European Union and the Council. It is also a complex programme focused both on delivering services to many citizens and on the social, economic and physical regeneration of Ebbw Vale.
- 91 In November 2011 we reviewed the effectiveness of governance arrangements set up by the Council to oversee and manage delivery of The Works. We concluded that whilst there were governance arrangements in place for The Works, the reporting of performance was not always comprehensive and all aspects of current programme delivery were not subject to effective scrutiny by all Members within the Council.
- 92 Since this time the Council has undertaken significant work to address these weaknesses including: revising line management responsibilities to better project manage priorities; introducing a new financial reporting system to oversee expenditure and monitor activity, both by officers and members; and revising, in close co-operation with the Welsh Government, governance and accountability

arrangements to ensure that the programme is properly scrutinised. Major development commitments such as a new 3-16 school and the post-16 education facility, The Learning Zone, are now open and fully operational. At January 2013 the Council reported that it had spent £112.4 million and projected commitments of a further £51.9 million which would deliver an underspend of £2.3 million.

Project management and governance arrangements for the Six Bells Renewal Area are not comprehensive and have not supported the Council to effectively deliver its intended regeneration of the Six Bells community

- 93 In September 2003 the Council published the Six Bells Neighbourhood Renewal Areas⁸, which sets out its strategic intention to increase confidence in the village by improving the physical fabric of the existing housing stock and removing vacant, derelict and unwanted buildings. Wider community and infrastructure targets were also approved, including improving community links, ensuring a high quality environment and increasing employment opportunities. These objectives were developed into a detailed action plan for Six Bells which was approved by the Welsh Government.
- 94 With major investment projects of this nature it is important that clear and appropriate lines of accountability are in place to ensure there is good governance in decision making. The renewal area programme was

⁸ Area based renewal schemes enable local authorities to focus activity and investment on areas that combine a need for assistance with the potential for regeneration. Neighbourhood Renewal Areas (NRAs) are consequently not just about improving housing but also the environmental, social and economic conditions which lead to a restoration of confidence in the area. To declare a Renewal Area, councils are required to undertake a detailed NRA assessment and to develop a clear plan for delivery that is adequately resourced and managed.

designed to run for eight years from 2003-04 to 2010-11. In the original action plan the Council identified some £16 million was required to deliver its strategic objectives with up to 400 homes in Six Bells being improved. By 2011, the Council had invested £12.4 million in the renewal area with only 111 homes having been improved and the overall scheme significantly behind schedule.

- 95 This lack of progress has resulted in increasing unhappiness amongst local residents and complaints to the local Member for Parliament, the Public Services Ombudsman for Wales and the Wales Audit Office. In response we conducted a review considering the effectiveness of the project management, resourcing and governance arrangements set up by the Council to oversee and manage delivery of the Six Bells Renewal Area. Our review found that project management and governance arrangements for the Six Bells Renewal Area are not comprehensive and have not supported the Council to effectively deliver the regeneration of the Six Bells community. The Council has responded to these findings in concluding the delivery of this project.

A new Education Achievement Service for South East Wales has been created and is focussing on improving attainment within schools but it is too early to comment on the impact of the service

- 96 The South East Wales Consortium in September 2012 established the Education Achievement Service for South East Wales⁹. The Education Achievement Service has been created by the five local authorities to raise education standards. The Education Achievement Service will monitor, support and challenge schools to improve attainment levels. Benefits of the service include increased capacity to support schools that require challenge, using data more effectively to focus on outcomes, identifying good practice across schools that can be used to improve outcomes, more efficient administration and facilitating professional learning communities.
- 97 As part of a collaborative approach to improving education the Council have agreed to establish a joint appointment of Chief Education Officer between Newport and Blaenau Gwent from February 2013.

⁹ It comprises the five local authorities of Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen and is a jointly owned company limited by guarantee to deliver improvement support for schools and drive educational attainment.

The Council's arrangements for information governance are developing and are not yet fully established. The developing collaboration with Merthyr Tydfil County Borough Council is bringing benefits and should allow the Council to make rapid progress to address the current weaknesses

98 In 2010 the Wales Audit Office identified that many local authorities are grappling with using information effectively to support service transformation and efficiency savings; as a result, reviews of information management are being undertaken at all councils in Wales. Our review of the Council concluded that arrangements for information governance are developing and are not yet fully established. The developing collaboration with Merthyr Tydfil County Borough Council is bringing benefits and should allow the Council to make rapid progress to address the current weaknesses.

99 We came to this conclusion because we found that the Council's new arrangements for the governance and management of information are sound but need to be fully established and become embedded, before it is possible to properly evaluate their effectiveness. The lack of a formal information strategy makes it difficult to understand the Council's overall aims and ambitions for information governance. Information management performance is mixed. In some key areas, such as electronic information security and Freedom of Information (FOI) requests, the Council has sound arrangements but weaknesses in other key areas such as disaster recovery pose a moderate risk to the Council.

100 Following our review we made a number of proposals for improvement, which are included in Appendix 5 of this report (proposals P11 – P18). The Chief Finance Officer, as the Senior Information Risk Owner, is implementing our proposals for improvement through the Information Governance Forum.

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

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

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is 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 authority's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the relevant authorities and Ministers, and which he may publish (under section 22). This published Annual Improvement Report summarises audit and assessment reports including any special inspections (under section 24).

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

The Council's revenue budget is £176 million for 2012-13. This equates to about £2,310 per resident. In the same year, the Council also had a capital budget of £107 million.

Band D council tax in 2011-12 for Blaenau Gwent was £1,426 per year. This has increased by 2.6 per cent to £1,462 per year for 2012-13. Ninety six per cent of Blaenau Gwent's housing is 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:

- 8 Independent;
- 33 Labour; and
- 1 Not affiliated.

The Council's Chief Executive is David Waggett. The Director of Social Services is Liz Majer; The Director of Resources is Dave McAuliffe; the Acting Director of Regeneration and Environment is Richard Crook; and the Director of the Works is John Parsons.

Other information

The Assembly Members for Blaenau Gwent for 2011-2016 are:

- Alun Davies, Blaenau Gwent, Labour
- Mohammad Asghar, South Wales East, Conservative Party
- Jocelyn Davies, South Wales East, Plaid Cymru
- Lindsay Whittle, South Wales East, Plaid Cymru
- William Graham, South Wales East, Conservative Party

The Member of Parliament for Blaenau Gwent for 2010–2015 is:

- Nick Smith, Blaenau Gwent, Labour

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

Appendix 3

Appointed Auditor's Annual Audit Letter

The auditor appointed by the Auditor General issued the following auditor's report on 28 November 2012.

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 27 September 2012 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 25 September 2012. In addition, my Accounting Statements Memorandum (which is a more detailed report summarising the conclusions and recommendations from my audit of the 2011-12 financial statements) was presented to the Audit Committee on 27 November 2012.

We did not encounter any significant difficulties during the audit. The draft financial statements were received in line with the required deadline and the quality of the supporting working papers continues to improve. There were no unadjusted misstatements to the financial statements.

We concluded that the Council's significant financial systems can be relied upon to produce materially correct outputs. However, my Accounting Statements Memorandum outlines where there is scope to improve some of the controls in place. In addition, audit work undertaken during the year in respect of

the Six Bells Area Renewal Scheme identified difficulties in fully reconciling information received from the Housing and Environmental Health Service to information contained within the Council's financial ledger. The Council confirmed that in future it will ensure that the detailed project cost management arrangements used by its Housing and Environmental Health Service are consistent with its central accounting system.

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. Overall, I am satisfied that the Council has appropriate arrangements in place. 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.

For the 2011-12 financial year, the Council reported an overall revenue budget deficit of approximately £1.1 million across all services and it continues to face a challenging financial position in 2012-13, having reported a revenue budget deficit of approximately £1.2 million for the first six months of the financial year. The Council has taken measures to address the worsening deficit position through a combination of releasing reserves, limiting spending across a range of areas during the second half of the financial year and by developing action plans for the service portfolios reporting substantial adverse budget positions.

Following the Council elections in May 2012, the Council has taken the opportunity to revise its financial management and financial planning arrangements across the Authority and has established a Financial Planning Focus Group. The purpose of this group, which consists of Executive and Scrutiny Members, is to develop financial planning proposals for subsequent recommendation to the Executive.

The Council is also to undertake a comprehensive review of its Medium Term Financial Strategy and further work will be required if this is to become embedded as part of its mainstream financial arrangements and to incorporate the risks and opportunities of both its collaborative projects and service transformation programme.

It is clear that, in common with many local authorities across Wales, the Council is going to face some difficult decisions in both the current financial year and over the medium / longer term if it is to achieve a balanced budget position. I will continue to monitor the Council's progress in developing its financial management and financial planning arrangements throughout 2012-13.

I issued a certificate confirming that the audit of the accounts has been completed on 27 September 2012.

The financial audit fee for 2011-12 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Mike Usher (Group Director Financial Audit)

For and on behalf of the Appointed Auditor

28 November 2012

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 the address on the back of this report.

Appendix 4

Blaenau Gwent County Borough Council's improvement objectives and self-assessment

The 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 its improvement objectives for 2012-13 in its *Corporate Improvement Plan 2012-2017* which can be found on the Council website at www.blaenau-gwent.gov.uk/council/166.asp. They are:

2011-12 Improvement Objectives	2012-13 Improvement Objectives
Reorganise education in the Ebbw Fawr valley to improve educational standards	Children that need to be looked after are cared for by local foster carers who are able to provide stable placements
Young people at risk of becoming NEET are identified early and through intervention this is prevented	Increase pupil attendance rates in all schools in Blaenau Gwent
Children that need to be looked after are cared for by local foster carers who are able to provide stable placements	Deliver interventions at year 11 that contribute to the reduction of reported levels of NEETs (people Not in Employment, Education or Training)
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	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
To create a community culture where recycling, reuse and reducing of waste becomes normal behaviour for citizens, thus improving the natural environment	To increase and sustain employment opportunities for the citizens of Blaenau Gwent through direct support to new and existing businesses
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	To provide a clean and pleasant environment to enjoy and be proud of, by listening to our citizens and visitors and promoting what we do

2011-12 Improvement Objectives	2012-13 Improvement Objectives
Develop the use of emerging technology to offer a wider choice to customers in how they can access Council services	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
To increase and sustain employment opportunities for the citizens of Blaenau Gwent through direct financial support to new and existing businesses	Working together we will become a high recycling, low waste society
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	Improve working together with customers and services to develop access channels (to Council services)
Increase pupil attendance rates at all schools	

The Council's self-assessment of performance

The Council's self-assessment of its performance during 2011-12 can be found *Corporate Improvement Plan 2012-2017* and can be found at: www.blaenau-gwent.gov.uk/council/166.asp.

Appendix 5

Proposals for improvement 2012-13

Over the course of our work in 2012-13 we have made some new proposals for improvement. These have previously been reported to the Council and are set out below for information. We will continue to monitor and report on the progress made by the Council in implementing the proposals under our future programme of work.

Proposals for improvement - Strengthen how the Council evaluates and reports on both its performance and its capacity and capability to deliver improvement

- P1 Act more in accordance with Welsh Government guidance by:
- expressing the Council's view of its success in achieving its Improvement Objectives;
 - using a wider evidence base of information to enable the Council to assess whether it has met its Improvement Objectives;
 - extending the use of comparative information with other comparable bodies; and
 - maximising accessibility to citizens and stakeholders of the Council's performance assessment.
- P2 Improve performance management by:
- strengthening corporate capacity to drive improvement;
 - agreeing strategic responsibilities for performance management; and
 - developing and introducing more joined-up, coherent and robust arrangements to manage report, evaluate and improve performance.
- P3 Ensure all services have effective arrangements to manage, report, evaluate and improve performance which are consistently reported against agreed minimum standards and are subject to robust scrutiny and challenge.

Proposals for improvement - Improvement Planning

- P4 Undertake an Equality Impact Assessment in line with the Equality Act 2010 when revising the Forward Facing Plan on the Improvement Objectives and address the conclusions that arise from this exercise.

Proposals for improvement - Medium Term Financial Planning

- P5 Improve the quality of information used to identify the likely financial impact of increasing demand for services, changing demographics and an assessment of the Council's statutory and non-statutory service provision.
- P6 Revise the Medium Term Financial Strategy to include an action plan showing how the predicted deficits will be addressed and how service based pressures will be managed going forward.

Proposals for improvement - Six Bells Renewal Area/Project Management

- P7 Address weaknesses in the range and coverage of project reports through the inclusion of:
- across-year budget performance information that shows total project cost, sources of funding, commitments, unallocated monies and funding yet to be secured;
 - project risks and mitigation activity to address these risks; and
 - an assessment of progress against the project action plan targets and actions including individual project milestones.
- P8 Review the current range of project performance data and ensure a comprehensive range of appropriate outcome-focused performance measures are in place for major projects which will allow an assessment of impact and outcomes to be made.
- P9 Regularly report performance on major projects to the Executive and Scrutiny on a quarterly cycle updating performance and progress on project action plans so as to strengthen accountability for the project.

Proposals for improvement - Human Resources Review

- P10 The Council needs to:
- determine and then work towards implementing a distinct HR vision;
 - assess HR capacity issues as the Council's service delivery agenda changes;
 - prioritise its HR agenda accordingly;
 - complete implementation of Single Status agreement, which is currently being concluded, and conclude future arrangements for transport allowances and discretionary redundancy provisions; and
 - manage proactively the HR risks of merging services and working within service consortia.

Proposals for improvement - Information Management Review

- P11 Develop an Information Strategy to ensure future information management plans accurately reflect the national and local context.
- P12 Develop a set of supporting policy and guidance documents to ensure governance arrangements, staff structures, and roles and responsibilities are clearly defined.
- P13 Develop and implement an Information Strategy delivery plan to drive information issues forward within the organisation.

P14	<p>Ensure that the Senior Information Risk Owner (SIRO) is fully briefed on all aspects of information governance to provide corporate oversight of, and responsibility for information issues, in particular:</p> <ul style="list-style-type: none"> • establishing standards and policies; • monitoring compliance with standards and policies; • information management training; • learning from and addressing information incidents and issues; and • management of information risk.
P15	<p>Establish a central register of all Information Sharing Protocols (ISPs), and develop a plan to migrate all existing sharing protocols to the Wales Accord for the Sharing of Personal Information (WASPI) standard; once complete the Council must put processes in place to monitor compliance with this standard.</p>
P16	<p>Pause and review the implementation of the Electronic Document and Records Management System (EDRMS) to assess progress and direction, in particular consider the Council's aims for EDRMS to ensure that the current approach will deliver these aims effectively.</p>
P17	<p>Ensure that sufficient data is held outside the recommended nine-mile limit to enable a full restoration of service information in the event of a disaster.</p>
P18	<p>Review and refresh the FOI content, including the Council's publication scheme that the Council makes available on its external website.</p>

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@wao.gov.uk

Website: www.wao.gov.uk

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: info@wao.gov.uk

Gwefan: www.wao.gov.uk