



24 Cathedral Road / Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 20 320500
Fax / Ffacs: 029 20 320600
Email / Epost: wales@wao.gov.uk
www.wao.gov.uk

Ms Alison Ward CBE
Chief Executive
Torfaen County Borough Council
Council Offices
Civic Centre
Pontypool
NP4 6YB

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Pages	1 of 9

Dear Alison

Improvement Assessment Letter

This letter summarises the key conclusions arising from my work in respect of improvement reporting under the Local Government (Wales) Measure 2009 (the Measure). I am required to report my audit and assessment work in relation to whether Torfaen County Borough Council (the Council) has discharged its duties and met the requirements of the Measure.

Further to my first Improvement Assessment letter of 4 September 2012 this second letter summarises:

- my views on whether the Council has discharged its statutory duties in respect of improvement reporting;
- my views, and the views of relevant regulators, on the reliability of the Council's self-evaluation; and
- my further proposals for improvement and/or recommendations.

Further to this I will continue to undertake further work on the arrangements that support the Council's performance management and reporting over the following months.

I shall summarise all of my work and that of relevant regulators during 2012-13 and publish an Annual Improvement Report for the Council by the end of March 2013.

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

I have reached this conclusion because:

- The Council published an assessment of its performance in its report *Our Annual Performance Report for the Financial Year 2011-12* (the Performance Report) before 31 October 2012.
- The Performance Report assesses the Council's performance in the preceding financial year (2011-12) and clearly sets out how the Council has sought to discharge its duties under the Measure.
- The Performance Report includes details of performance as measured by the national statutory performance indicators.
- A brief summary of the key findings of Estyn, the Care and Social Services Inspectorate Wales (CSSIW) and Wales Audit Office regulatory work is included in the Performance Report and the information reported presents a balanced summary of key findings. The Council also provides website links to enable readers to access the reports, including service based reviews, and briefly sets out how the findings and recommendations are being addressed.
- The Performance Report is available in English and Welsh to download from the Council's website, and hard copy, as well as versions in other formats such as Braille and audio, can be provided upon request. This is in accordance with the Council's Welsh Language Scheme.
- Specific summaries of the Performance Report in both English and Welsh have also been produced. These can be downloaded from the Council's website and has been included in the December edition of *Torfaen Talks*.
- The Council undertook a consultation exercise in November 2011 with residents of Torfaen to prioritise future areas for improvement and continues to work with the *Torfaen Peoples Panel* to review policy and challenge performance.

The Council also needs to act more in accordance with Welsh Government guidance and I have identified a number of areas where the Council can improve its Performance Report:

- The Council's Performance Report is not readily accessible to citizens and more could be done to ensure citizens are aware of the Council's assessment of its performance. Whilst the Council has made its Performance Report available in hard copy, electronically and to download from its website, it is several layers beneath the home page. It was promoted when launched on the home screen but now can only be found if you know what to look for.

- The Performance Report includes a section on major collaborations such as the Education Attainment Service and transport for post 16 learners on a Gwent regional footprint. It also summarises other specific sub-regional projects such as the shared housing and council tax benefits services and wider all-Wales projects. Whilst the summary information provides a snapshot of current activity, it does not report what the actual benefits of collaboration activity have been to date, such as any cash savings or whether the intended outcomes sought from the collaboration are being delivered.

The Council has good corporate arrangements for managing performance, but weaknesses in the quality of some measures and evidence used by services to judge improvement limit the effectiveness of its self-evaluation arrangements

In my Annual Improvement Report of January 2012 I identified a range of shortcomings in how the Council manages and evaluates its performance which needed to be addressed to strengthen accountability to citizens. My review of the Council's Performance Report and the systems it has established to oversee and evaluate its own performance in 2011-12 has found that whilst some progress has been made in improving performance management, reporting and evaluation, the Council has not addressed all of the weaknesses I previously identified.

The Council has a good corporate framework for managing and challenging its performance, but the role of Scrutiny in overseeing and judging delivery of Improvement Objectives by services needs to be strengthened

The Council's Service Improvement Planning process acts as the link between the Corporate Plan priorities and Improvement Objectives and the work of services, teams and individuals to manage improvement. There are eight Service Improvement Plans (SIP) and these cover all of the Council's services. The SIP process is based on the 'Golden Thread' principle, which seeks to ensure every officer working for the Council is able to see how their actions contribute to the work of the organisation and the delivery of corporate priorities. Indeed, we found good evidence of this 'Golden Thread' and the link between corporate priorities to service and team plans.

It is clear that within the Council, performance management is seen as important and necessary and is actively used to support managers to improve performance and the services the Council delivers. We found that the Council has created a strong central policy team that oversees, co-ordinates, audits and actively manages performance. This has enabled the Council to implement a well-understood and consistent system for performance management. Performance information is collated, managed and reported via Ffynnon, which is embedded and extensively used throughout the Council. Staff within services acknowledge that they are responsible for their performance and understand

how their work relates to delivering the Council's Improvement Objectives and corporate priorities.

Each Improvement Objective is supported by a series of activities and measures that are managed and delivered by the appropriate service area and monitored throughout the year as part of the Council's performance management framework. Importantly, the Council has introduced key internal challenge processes within this system to both challenge and manage improvement. The Council has created an Executive Member for Performance who meets with Cabinet Portfolio holders and Heads of Service to review performance and delivery of SIP priorities quarterly. Likewise, the Chief Executive holds challenge meetings with Heads of Service to focus on addressing under-performance. These are good systems to focus on managing and improving the work of the Council.

In my Annual Improvement Report of January 2012 I noted that the Council does not consistently report progress in delivering Improvement Objectives and the broader performance of services to its scrutiny committees. Positively, we found that the 2011-12 Performance Report highlights the importance of challenge and the key role played by the Audit Committee and the Overview and Scrutiny Committees in holding the Cabinet and Council to account. Our fieldwork, however, found that reporting on delivering Improvement Objectives is still not consistently undertaken.

For example, whilst the 2011-12 forward work programme for the Safer Communities Overview and Scrutiny Committee identified that a report on progress in delivering the Council's Improvement Objectives was to be presented to the Committee, we found that this did not happen. This limits the opportunity for independent challenge and scrutiny of services and weakens accountability. Opportunities therefore remain for the Council to strengthen its internal challenge within and across services, and by councillors through Scrutiny. The Council is putting in place new arrangements for Scrutiny starting with its January 2013 cycle of meetings which is strengthening reporting of performance and scrutiny by Councillors. We will review this new system and report back on its effectiveness in the future.

Overall, the Council's Performance Report is well structured and easy to read although evaluating actions delivered for some Improvement Objectives is limited, which weakens accountability and hinders its ability to effectively judge progress and impact

We found that the Performance Report is clearly presented and easy to read and uses a consistent reporting structure to evaluate and report performance for each of the 25 Improvement Objectives. Improvement Objectives are cross-cutting and recognise and promote integration across services and departments to effectively deliver the intended improvement.

The Performance Report includes good information on budget management, revenue and capital expenditure and the results of savings programmes. The Performance Report also links the Council's improvement programme with its core themes and priorities and this provides the reader with both a sense of the challenges the Council faces and its underlying values and principles.

We found evidence of ownership and accountability for the delivery of activities within individual services, and that every service, department and individual has a key role to play in ensuring that these Improvement Objectives are met. This is positive as the Council has taken a holistic view of its Improvement Objectives and identified the contribution all services make to delivering strategic priorities. However, we found that on some Improvement Objectives the narrative focuses on judging a series of actions rather than summarising the totality of performance in delivering the Improvement Objectives, and does not enable the Council to judge how well it is doing and the impact it is having.

Whilst the Council has made some progress in improving its evaluation of performance, it is unable to consistently judge how well it is performing because weaknesses remain in the range and quality of its performance measures, and the balance and robustness of its evaluation of progress and impact

Self-evaluation is a key feature of all organisations' improvement processes. Good self-evaluation can provide assurance and enable organisations to judge how well they are performing and where they need to focus resources to drive improvement. Effective self-evaluation is dependent upon the creation of a culture that values and uses information and has good standards of and a focus on quality data and reporting to enable a judgement of performance.

In my Annual Improvement Report of January 2012 I reported that in its future annual Performance Reports the Council needed to: demonstrate more clearly how planned actions contribute to outcomes; evaluate a broad range of information to present a rounded view of performance; and focus on activity that impacts directly on delivery of its Improvement Objectives. My assessment of the Council's 2011-12 Performance Report identified that whilst some progress has been made in how the Council judges its performance, weaknesses and inconsistencies remain in the quality and robustness of its assessment and further work remains to be done to improve coverage and reporting.

The Performance Report provides a good summary of overall progress in delivering its Improvement Objectives by setting out in a simple table how many indicators of success have improved, declined or stood still between 2010-11 and 2011-12. This table also highlights new measures the Council has introduced under each Improvement Objective to be able to better judge success in the future. This is a good summary and enables the reader to evaluate the Council's broad performance in a snapshot.

The Council's Performance Report now includes some comments on areas where progress in delivering actions has been slow or performance has fallen. For example, with regard to the Improvement Objective to ensure children are safe, the Council notes that performance has declined and outlines why this has happened. I also previously reported that the Council needed to include measures relating to supporting people services to better demonstrate its work supporting vulnerable people to remain independent and preventing homelessness. These measures are now included and provide the reader with a better understanding of the Council's work and improves the range of information used to evaluate performance.

Likewise, under the Improvement Objective to ensure that people receive the benefits to which they are entitled, the Council has led a shared benefits service arrangement with Monmouthshire County Council to establish a more efficient and effective service. Resources within the Torfaen Benefits service have been reassigned to provide support to Monmouthshire, and whilst in the short term this has lengthened processing times, the reasons for this are understood and the overall quality and processing times for this service are now improving. This presents a good analysis of activity, performance and impact.

The analysis of the Council's performance against national indicators has also been further developed in 2011-12. The Council reports its actual performance for the last three financial years (2009-10 to 2011-12). It also compares its performance with the Welsh average and ranks itself against the other 21 Welsh Councils for 2011-12. The Performance Report also includes a Red Amber Green (RAG) traffic light system to denote whether performance is improving, declining or standing still. It also includes summary graphs showing the proportion of indicators that have improved, declined or stood still in 2010-11 and 2011-12. Overall, the Council presents this information well although it could be further improved by the inclusion of the Council's change in ranking over time to judge more effectively the rate of comparative improvement.

However, my review found that in some areas the Council's evaluation is not rounded/balanced or robust. I identified a number of weaknesses as follows:

- The Performance Report does not consistently state where performance in delivering actions has been poor and improvement has been limited. For example, under the Improvement Objective to ensure the range and quality of housing is appropriate to meet people's needs, the Performance Report describes limited progress in delivering actions and a fall in performance between 2010-11 and 2011-12 on three of the five measures used to judge success. However, the evaluation does not reflect this position, which weakens the robustness of the self-evaluation. Likewise, the measures in respect of the leisure services review and on progress to deliver regional modernisation of domestic abuse services. Whilst the Performance Report clearly identifies actions that have been taken in

relation to these projects, the report does not indicate whether the Council is on or off target or what their impact has been.

- In a number of Improvement Objectives the focus of activity is very narrow and does not allow for a rounded assessment of progress. For instance, the Improvement Objective to enable good, sustainable housing development across the County Borough is narrowly focussed on: new housing development; the adoption of a new local housing strategy; social rented homes meeting the Welsh Housing Quality Standard (WHQS); and renovation grants in the private sector. All of these areas of activity relate to the physical condition of homes and no measures or actions have been included on either sustainability or affordability of accommodation. These are equally as important as housing quality and the absence of this information presents only a partial picture of how well the Council is performing.
- Setting targets can be a helpful method to challenge the organisation or a specific service area to do better. Reviewing performance realised in relation to targets provides information on whether Improvement Objectives are being achieved in a managed and planned way. The Council's Performance Report does not assess its performance against any targets, even where they exist. This means the Council and its citizens are unable to judge whether the Council is making the level of improvements it intended.
- Similarly, the Performance Report does not provide a rounded summary of progress against all-Wales priorities. For example, one of the measures of success reported in relation to the Improvement Objective to enable good, sustainable housing development across the County Borough is the proportion of homes that comply with the WHQS. The Performance Report notes that between 2010-11 and 2011-12 the proportion of social rented homes that met the WHQS had increased from 33.9 per cent to 56 per cent. However, nowhere does the Performance Report note that the Welsh Government target is for all homes to meet the WHQS by the end of 2012 calendar year and current performance is well behind this national priority.
- Councils are encouraged to include in their evaluation of their performance the results of peer reviews, scrutiny assessments and other sources of more qualitative information such as customer satisfaction with services and benchmarking data. The Performance Report lacks breadth of analysis in some areas and is primarily focused on assessing performance against national statutory performance indicators. The Council should include such additional information to more effectively self-evaluate its performance and report improvement in a more rounded way.

In my Annual Improvement Report of January 2012 I noted that performance measures used for some Improvement Objectives are still too focussed on judging an improvement in processes and not delivering better outcomes for citizens. My review has identified that work still remains to be done on this in some areas. For example, activity under the

Improvement Objective to improve access to social care services is focused on improving the provision of information, advocacy services and how citizens access services. Whilst these are all useful measures to judge how services are provided, they do not focus on the impact of delivering these actions and whether service users are better off as a result of these changes. This is particularly important as CSSIW has concluded that the Director's report¹, whilst explaining the context within which Social Services operate, has over the past three years seen a number of key performance indicators move from a good to a weaker position, suggesting inconsistencies within services.

Positively, CSSIW notes that the Council's Director's report gives a comprehensive and detailed explanation of the past year, setting the local context with a clear account of the achievements and challenges Social Services has faced and continues to face. CSSIW, however, notes that caseloads in Children's services have been high and demand has continued to increase, which may begin to impact on the previously improved position on staff recruitment and retention. This poses the risk that services will become over-stretched and could fail to meet the needs of children and families. Adult services under spent its budget by curtailing planned improvements and this is not considered sustainable in the longer-term if the Council wishes to continue to provide a modern and responsive service.

Another example of where outcomes could be reported more clearly is the Improvement Objective to encourage social inclusion. Here, the analysis and performance measures reported assess progress on a number of projects and programmes that have been introduced to provide additional support to families and improve parenting skills. Whilst the Performance Report provides details of a number of positive changes, such as increased awareness, enrolment and participation in these schemes, it does not provide any measures of the success and impact of these schemes. This is despite the Council undertaking assessments with participants which have resulted in positive feedback on a number of these schemes. It consequently makes it difficult to gauge from the Performance Report what the impact of these services is having on local families requiring additional support.

Corporate arrangements for co-ordinating and reporting performance are strengthening but some systems for managing performance within services are not robust

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 corporate

¹ 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.

systems, using Ffynnon, 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 were 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 citizens.

We found that of the 23 measures audited, two local indicators had to be qualified and one needed to be corrected for errors. This is a decline in performance from 2010-11, when I identified no system issues for the management and reporting of performance indicators. The Council should ensure that it has clearly defined each of its local indicators, which will enable it to consistently and accurately record and report performance within services.

Further proposals for improvement

Some new proposals for improvement are being suggested in this letter. We will continue to monitor and report on the progress made by the Council in implementing the proposals set out in my previous reports and letters.

Proposals for 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; and
 - maximising accessibility to citizens and stakeholders of the Council's performance assessment.
- P2 Improve performance management by:
- strengthening the role of Scrutiny to drive improvement; and
 - ensuring the impact of activity is measured more effectively to better judge outcomes on citizens and service user.
- P3 Ensure all services consistently report and evaluate performance in delivering improvement objectives.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Huw Vaughan Thomas', with a stylized flourish at the end.

HUW VAUGHAN THOMAS

Auditor General for Wales

Cc Carl Sargeant, Minister for Local Government and Communities