



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report

## Torfaen County Borough Council

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# About the Auditor General for Wales

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Non Jenkins and Alex Rawlin under the direction of Alan Morris and supported by Grant Thornton UK LLP.

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# Summary report and recommendations

## Summary

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. This report draws on the work of the relevant Welsh inspectorates, as well as work undertaken on the Auditor General's behalf by the Wales Audit Office. The report covers Torfaen County Borough Council's (the Council) delivery and evaluation of services in relation to 2012-13, its planning of improvement for 2013-14 and, taking these into account, concludes whether the Auditor General believes that the Council will make arrangements to secure continuous improvement for 2014-15.
- 2 We found that, in 2012-13, the Council's performance had been mixed with some services improving, whilst others had not delivered the required improvements at the necessary pace. We came to this conclusion because:
  - whilst some improvements have been made to support families and children to get through the recession, further progress is needed in delivering sustainable improvements in education attainment;
  - our review of child protection and safeguarding services shows that performance is mixed;
  - performance in protecting the most vulnerable adults is mixed though a majority of measures are improving, performing better than the Wales average and improving in ranking compared across Wales;
  - the Council's performance on ensuring its resources are used wisely has been mixed and performance on reducing waste is declining;
  - the Council has made mixed progress in delivering improvements on measures that are comparable with other councils in Wales;
  - the Council lacks formal service standards and citizens are unable to effectively judge how well waste and recycling services are performing;
  - the Council is good at managing its overall budget and continues to deliver essential services with less money but it needs to strengthen how it evaluates the impact of savings to ensure services do not become unsustainable in the future; and
  - the Council is making progress in its Welsh Language provision but further improvement is needed.

- 3 We also found that the Council recognises the need to improve its governance and management arrangements in order to strengthen its self evaluation culture. We came to this conclusion because:
- the Council has sound arrangements in place for the preparation and reporting of its annual Statement of Accounts;
  - the Council has discharged its improvement reporting duties under the Measure although there is potential to strengthen its arrangements further;
  - corporate arrangements for co-ordinating and reporting performance are being strengthened but some systems for managing performance and ensuring data quality within services are not robust;
  - the Council's self evaluation of its governance arrangements were reasonably robust however its reporting of the effectiveness of these arrangements can be strengthened; and
  - the Council has identified and is implementing new mechanisms to allow scrutiny to play a greater role in reviewing and challenging its performance but the impact of this is still to be determined.

- 4 Finally, we found that there are still weaknesses in the Council's arrangements to support planning for improvement that limit its ability to deliver sustainable improvement to services in its priority areas. We came to this conclusion because:
- In 2013-14, the Council discharged its improvement planning duties under the Measure. However, it should ensure that it acts more in accordance with Welsh Government guidance.
  - The Council has a good corporate framework and processes for managing improvement but service improvement planning needs to be strengthened.
  - Torfaen is involved in more collaborations than the other councils we surveyed and in general, we found scope to improve the planning and management of projects and the lack of information on costs and benefits makes it difficult to assess value for money.
- 5 Taking the above into account, the Auditor General believes that it is uncertain whether the Council is likely to make arrangements to secure continuous improvement for 2014-15.

## Recommendations

- 6 Over the course of our work in 2013-14 we made one statutory recommendation. This has been reported to the Council in the Improvement Assessment Letter 1 dated October 2013 and is set out below for information. We will continue to monitor the progress made by the Council in implementing the recommendation as part of our future work programme.

R1 Ensure arrangements are put in place to address proposals for improvement arising from our 2012 data quality review which have yet to be progressed.

# Detailed report

## Introduction

- 7 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 in 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), the Care and Social Services Inspectorate for Wales (CSSIW), and the Welsh Language Commissioner we have brought together a picture of what each council or authority in Wales is trying to achieve, how it is going about it, and the progress the Council has made since the Auditor General published his last annual improvement report. The report also draws on the Council's own self-assessment. Finally, taking all this into account, the report concludes whether the Auditor General believes that the Council is likely to make arrangements to secure continuous improvement for 2014-15.
- 8 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.
- 9 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:
- make proposals for improvement – if proposals are made to the Council, we would expect them to do something about them and we will follow up what happens;
  - make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days;
  - conduct a special inspection and publish a report and make recommendations; and
  - recommend to Ministers of the Welsh Government that they intervene in some way.
- 10 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](mailto:info@wao.gov.uk) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

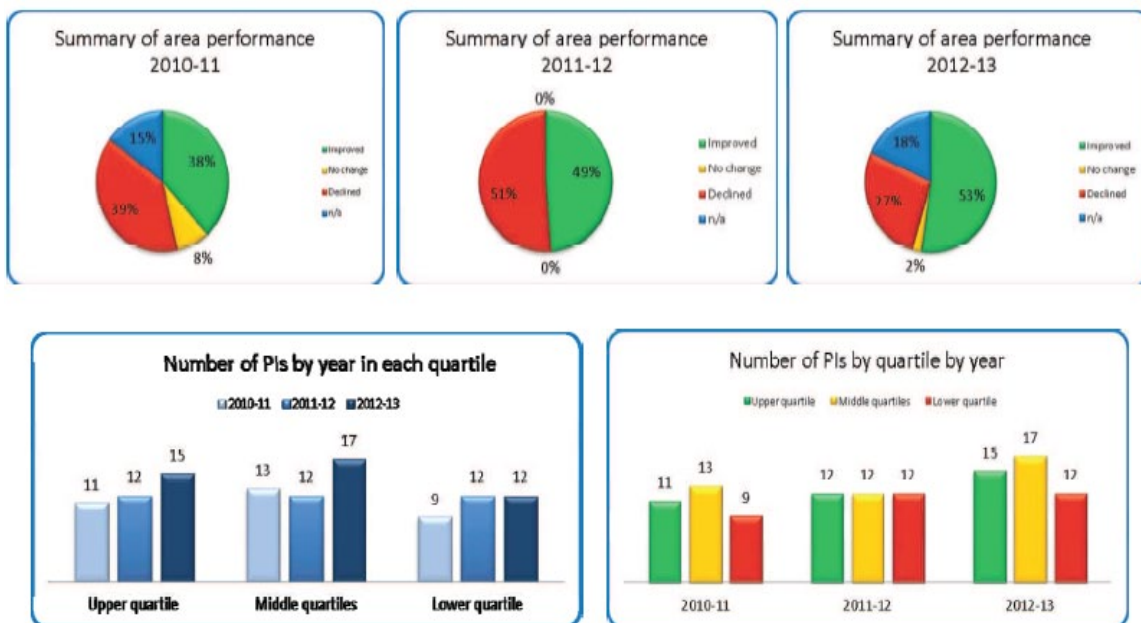
## The Council's performance in 2012-13 has been mixed with some services improving and others not delivering required improvements at the necessary pace

11 The Council published its Our Performance Report for the Financial Year 2012-13: Delivering our Corporate Plan 2 (Performance Report) in October 2013, which identifies its performance against the National Strategic Performance Indicators and Public Accountability Measures. Proportionally, the number of performance measures improving has increased from 49 per cent in 2011-12 to 53 per cent in 2012-13. Conversely, the number of measures where performance has deteriorated has reduced from 51 per cent in 2011-12 to 22 per cent in 2012-13 (Exhibit 1).

12 In April 2011, the Council adopted its second Corporate Plan. The plan sets out the Council's seven priorities for service improvement until 2016 and outlines what it is seeking to improve for citizens in Torfaen. The strategic priorities are:

- supporting families and children living in poverty to get through the recession;
- preventing Torfaen residents becoming homeless;
- safeguarding children, especially those with additional (special) educational needs and supporting positive attitudes towards education;

Exhibit 1 - Torfaen County Borough Council 2012-13 Performance – National Strategic Performance Indicators & Public Accountability Measures



Source: Torfaen CBC 2012-13 Performance Report – Delivering the Corporate Plan (CP2)



- protecting the most vulnerable adults and supporting those with disabilities and other long term conditions;
- targeting support to deprived communities and families suffering from crime and anti-social behaviour;
- using resources wisely, to include maintaining the highway infrastructure and reducing energy consumption and waste; and
- supporting initiatives which generate employment and training for work opportunities.

- 13 In June 2011, the Council set 25 improvement objectives which define how it plans to deliver the seven priorities of the Corporate Plan. Given the increasing financial challenge facing all public bodies in Wales, the Council has prioritised delivery of its improvement objectives. After asking citizens, in November 2011, how the improvement objectives should be prioritised, the Council selected 10 objectives for delivery during 2012-13. These priorities centred around schools, social care and waste.
- 14 We provide a brief analysis, below, of how well the Council has performed in delivering improvement against those areas prioritised for 2012-13. We have not reviewed performance against all the Council's improvement objectives. More detailed information about progress and achievements is provided in the Council's Performance Report for the financial year 2012-13, which is available on the Council's website.

**Whilst some improvements have been made to support families and children to get through the recession, further progress is needed in delivering sustainable improvements in education attainment**

- 15 The Council has prioritised two improvement objectives in 2012-13 to help them deliver this corporate plan priority. These were to ensure people received the benefits they are entitled to and to improve standards of educational attainment. The Council selected 15 measures it would use to assess whether it had achieved these two objectives in 2012-13. The Council's evaluation of its performance was that it had been successful in ensuring people received the benefits they were entitled to and partially successful in improving educational attainment.
- 16 The Council's performance in the administration and speed of processing housing benefit claims has been mixed. It's caseload marginally increased from 11,960 claimants in May 2012 to 12,000 claimants in February 2013 (compared to an average three per cent decrease across Wales). The average time to process new claims fell from 30 days in 2011-12 to 26 days in 2012-13, which remains below the Welsh average of 20 days in 2012-13. The average time taken by the Council to process change in circumstances has slightly deteriorated from nine days in 2011-12 to 10 days in 2012-13, which is well below the Welsh average of six days in 2012-13. Finally, the accuracy of processing claims has declined, from 93 per cent in 2011-12 to 92 per cent in 2012-13, again with a performance level poorer than the Welsh average of 94 per cent in 2012-13.

- 17 Estyn inspected the Council's education services in October 2011 and they were judged to be unsatisfactory, with prospects for improvement being judged as adequate. Estyn visited the authority to review progress against the 2011 recommendations and concluded that the Council had made limited progress against most of the recommendations and that standards in secondary schools remained unsatisfactory. The report recommended that the service should be placed in special measures and subsequently, a Ministerial Recovery Board was established.
- 18 The Council is working closely with the Ministerial Recovery Board to address the shortcomings identified in the inspection. Estyn will continue to monitor the authority's progress against its post inspection action plan throughout the year.
- 19 Estyn's new overall judgements will be presented at the end of the monitoring period which is expected to conclude in 2015.

### Our review of child protection and safeguarding services shows that performance is mixed

- 20 The Council has prioritised three improvement objectives in 2012-13 to help them deliver this corporate plan priority. These were:
- to ensure learning for all children is inclusive and accessible;
  - to ensure children are safe; and
  - to support and protect vulnerable children.
- 21 The Council selected 19 measures it would use to assess whether it had achieved these three objectives in 2012-13. The Council's evaluation of its performance was that it had improved performance levels in 11 out of the 19 measures listed and had successfully delivered the required progress against these objectives in 2012-13.
- 22 CSSIW<sup>1</sup> published its *Annual Review and Evaluation of Performance for 2012-13* for the Social Services department in Torfaen in October 2013. The evaluation report sets out the key areas of progress as well as areas for further improvement. The report can be found on the [CSSIW website](#). The following paragraphs are drawn from the report.

<sup>1</sup> Care and Social Services Inspectorate Wales.

23 The structure of teams delivering services to children and families was changed during the year, along with relocation of staff from the old County Hall building. The head of service reports that the necessary dispersal of teams was progressed alongside this restructure and generally went well. There was a significant impact on social work services for disabled children and families, affected by team changes locating to their new base at the Serennu centre in Newport. There have been limited opportunities to take forward the early intervention agenda which is vital to achieve the important shift to family support and prevention. While the structures to achieve early intervention are beginning to bed-in, a decision to move resources to education services led to the termination of the Enabling Families project.

24 The Council clearly has difficult decisions to make to meet immediate priorities, whilst ensuring that there is sufficient investment to develop social services for the future. The Council is again managing a high number of looked after children in the borough, and has been actively reviewing practice and trends to understand the reasons for this. Senior officers are clear that the Council does not take children into care unnecessarily and believe that front line practice is measured and appropriate. The Council may wish to reflect on the need and opportunity for short-term investment in new models of support services to influence and potentially reverse this trend. The fieldwork carried out with social services as part of a CSSIW thematic review on services for children in need and looked after children found evidence of good

working practice and strong commitment from social workers who were working under considerable pressure to develop services at that time.

25 Many of the key performance measures for Children's Services are improving over time, performing better than the Wales average and improving in ranking compared across Wales:

- The percentage of looked after children first placements with a care plan deteriorated from 87 per cent in 2011-12 to 76 per cent in 2012-13. This was worse than the Wales average of 89.1 per cent. The Council stayed ranked 18th out of the 22 Councils.
- The percentage of children looked after on 31 March who had three or more placements during the year improved from 14.7 per cent in 2011-12 to nine per cent in 2012-13. This was slightly better than the Wales average of 9.4 per cent. The Council's ranking improved from 19th in 2011-12 to 14th in 2012-13.
- The percentage of children looked after on 31 March who experienced one or more changes of school whilst being looked after deteriorated significantly from 7.4 per cent in 2011-12 to 14.8 per cent in 2012-13. This was worse than the Wales average of 13.7 per cent. The Council's ranking worsened from 5th in Wales in 2011-12 to 12th in 2012-13.

- The average external qualifications point score for 16 year old looked after children improved from 215.5 in 2011-12 to 290 in 2012-13. This was well above the Wales average of 221. The Council's rank improved from 9th in Wales in 2011-12 to 4th 2012-13.
- The percentage of initial assessments where there was evidence that the child was seen by a social worker improved from 54 per cent in 2011-12 to 86.9 per cent in 2012-13. This was above the Wales average of 75.4 per cent. The Council's rank improved from 20th in Wales in 2011-12 to 4th in 2012-13. The percentage where there was evidence that the child has been seen alone by a Social Worker improved significantly from 33.6 per cent in 2011-12 to 50.8 per cent in 2012-13. This was much higher than the Welsh average of 37.5 per cent. The Council's ranking improved from 11th in Wales in 2011-12 to 6th in 2012-13.
- The percentage of statutory visits that took place in accordance with the regulations improved from 78.4 per cent in 2011-12 to 90.6 per cent in 2012-13. This was above the Wales average and have improved the Council's ranking from 19th in 2011-12 to 6th in 2012-13.
- The percentage of reviews of looked after children, children on the child protection register and children in need carried out in line with the statutory timescale deteriorated slightly from 94.6 per cent in 2011-12 to 93.2 per cent in 2012-13. This was above the Wales average of 86.4 per cent. The Council's ranking worsened from 3rd in Wales in 2011-12 to 5th in 2012-13.
- The percentage of young carers know to social services who were assessed improved significantly from 56.8 per cent in 2011-12 to 82.4 per cent in 2012-13. However this was still below the Wales average of 92.3 per cent. The Council's ranking improved from 22nd in Wales in 2011-12 to 20th in 2011-12.
- The percentage of young people formerly looked after with whom the Council was in contact at age 19 was 100 per cent. This was above the Wales average of 93.4 per cent and ranked the Council 1st in Wales. Of these young people, 95 per cent were known to be in suitable, non-emergency accommodation. This was above the Wales average of 93.2 per cent and ranked the Council 12th in Wales. Also, of these young people, 45 per cent were known to be engaged in education, training or employment. This was below the Wales average of 56.4 per cent and ranked the Council 17th in Wales.

- 26 In Spring 2013, we undertook a study of councils' work to reduce the numbers of young people not in education, employment or training (NEET) and considered if they are well placed to enable better outcomes for young people who are, or are at risk of becoming, NEET. We considered the latest data and key strategic documents<sup>2</sup> and the outputs of a self-assessment exercise that councils undertook for the Welsh Government in Spring 2013. We visited eight councils<sup>3</sup> (including Torfaen) between May and July 2013 and spoke to councillors, officials and partner organisations as well as reviewing a range of council documents, organisational plans and strategies. We also reviewed the Welsh Government's Youth Engagement and Progression Framework and Implementation Plan (the Framework) published in October 2013.
- 27 In Torfaen, we observed a growing awareness of the urgency attached to reducing the proportion of young people who are NEET and most interviewees reported a step-change in activity in the past 18 months. This commitment is recognised in Torfaen Council's *Education to Employment Strategy 2012-2016*.
- 28 The Council has included NEETs in its Improvement Plan and its Single Integrated Plan, particularly focused on 16-18 year olds. Across the councils we surveyed, the plans include a range of performance measures, although we noted that none were the same as the Welsh Government's national targets. These plans and/or improvement objectives also differ substantially in their focus.
- 29 In some councils, strategic planning to date has focused on the local authority rather than recognising the contribution of its local partners. Torfaen Council is developing a multi-agency approach to work with young people who are NEET, as previously there was no strategic group involving key partners such as Careers Wales.
- 30 Councils are also working closely with further education institutions and their sixth forms to reduce disengagement and drop-out. For example, in Cardiff, Caerphilly, Carmarthenshire, Torfaen and Wrexham, learning coaches work with schools to support young people at risk of disengaging with education. Cardiff Council has also recently begun work with Careers Wales to provide support for young people at risk of disengaging from school sixth forms. Cardiff Council is also putting on workshops to bring foster carers, teachers and social workers together to raise awareness of the educational issues of looked after children.

<sup>2</sup> We reviewed a range of strategic documents including councils' Improvement Plans, Single Integrated Plans, Strategic Equality Plans and their NEETs Strategies where available.

<sup>3</sup> Fieldwork took place in Caerphilly, Cardiff, Vale of Glamorgan, Carmarthenshire, Conwy, Rhondda Cynon Taf, Torfaen and Flintshire Councils between May and July 2013. Fieldwork was also undertaken in Ceredigion County Council in Autumn 2013.

Exhibit 2 - All councils had some form of strategic objectives relating to reducing the numbers of young people who are or are at risk of becoming NEET in Autumn 2013

Local Authority	Does the authority have a NEETs Strategy?	Do Improvement Objective(s) make specific reference to reducing NEETs?	Is reducing NEETs included in the following documents?		
			Elsewhere in the Improvement Plan	Single Integrated Plan	Strategic Equality Plan
Blaenau Gwent	Yes	Yes	Yes	Yes	Yes
Bridgend	Yes	Yes	Yes	Yes	No
Caerphilly	Yes	Yes	Yes	Yes	No
Cardiff	Yes	Yes	Yes	Yes	Yes
Carmarthenshire	Developing a joint strategy with Pembrokeshire	No	Yes	Yes	No
Ceredigion	Yes	No	Yes	Yes	No
Conwy	Yes	No	Yes	Yes	No
Denbighshire	No	No	Yes	Yes	No
Flintshire	Yes –within the Children and Young People’s Partnership Implementation & Delivery Plans	No	Yes	Currently drafted for consultation	Yes
Gwynedd	Yes	Yes	Not specifically	Not yet published	Yes
Isle of Anglesey	No	No	N/A	Yes	No
Merthyr Tydfil	Yes	Yes	Yes	Yes	Not known

Local Authority	Does the authority have a NEETs Strategy?	Do Improvement Objective(s) make specific reference to reducing NEETs?	Is reducing NEETs included in the following documents?		
			Elsewhere in the Improvement Plan	Single Integrated Plan	Strategic Equality Plan
Monmouthshire	Yes	No	Yes	Yes	No
Neath Port Talbot	Yes	No	Yes	Yes	Yes
Newport	Yes	No	Yes	Yes	Yes
Pembrokeshire	Yes	No	Yes	Yes	Yes
Powys	Yes ('Keeping in touch strategy')	No	Yes	Yes	Yes
Rhondda Cynon Taf	Yes	Yes	Yes	Yes	No
Swansea	Developing strategy for 18-24 year olds	No	Nothing specific	Yes	No
Torfaen	Yes	Yes	Yes	Yes	Yes
Vale of Glamorgan	Yes	Yes	Yes	Yes	No
Wrexham	Yes	No	Yes	Yes	No

*Source: Wales Audit Office analysis of councils' Improvement Plans and other strategic documents including the single integrated plans and strategic equality plan in Autumn 2013*

Performance in protecting the most vulnerable adults is mixed though a majority of measures are improving, performing better than the Wales average and improving in ranking compared across Wales

- 31 CSSIW published its *Annual Review and Evaluation of Performance for 2012-13* for the Social Services department in Torfaen in October 2013. The evaluation report sets out the key areas of progress as well as areas for further improvement. The report can be found on the [CSSIW website](#). The following paragraphs are drawn from the report.
- 32 The Council has implemented changes to the leadership structure in social services which included the termination of the director's role incorporating the locality lead for the Aneurin Bevan Health Board. This has enabled the director to strengthen focus on the delivery of social services, whilst maintaining strong partnership working with health through the integrated post of head of adult services.
- 33 The director has reported that this was a year of consolidation and that progress on making improvements to services and developing new initiatives has been limited due to continued budget restraints. The Council faces a significant challenge in moving services forward at a pace to meet future needs in a climate of significantly limited investment.
- 34 The Council has a history of good partnership working with both internal and external partners. It has strong collaborative arrangements in place with neighbouring authorities and continues to explore opportunities for partnership working where this can deliver better services. The development of regional structures is also progressing in line with the policy direction of the Welsh Government.
- 35 The director has highlighted the impact that accommodation changes and relocation of teams had upon some aspects of service delivery during the year. The necessary changes brought with them challenges, but also opportunities to implement more flexible and modern working practices.
- 36 The establishment of a specialist commissioning unit within social services was achieved during the year and is reported to already be impacting positively on strategic planning and quality assurance. CSSIW will be interested to follow up on this early evaluation during the coming year.
- 37 The Council has provided evidence of reviewing existing strategies and considering the future delivery of services to meet projected needs of the population. It has recognised the need to remodel some services and to improve the quality of other established ones. An improved performance in the annual review of adults who are in receipt of services has assisted in this work, along with a stronger focus on commissioning and contract monitoring. The Council has also worked in partnership with neighbouring authorities on an initiative to improve the quality of care provided



in care homes, with a particular focus on nutrition. There have been improved working arrangements and a greater understanding between housing partners and social services to progress supported housing initiatives. This should support the desired outcomes of the Council to promote and enable more people to live independently in the community. The director's report indicates that the Council takes a positive and serious approach to consultation with the people in Torfaen and responds to any feedback received.

- 38 CSSIW has identified the following potential risks:
- severe budgetary pressures coupled with increasing demands and expectations to maintain and deliver services;
  - lack of investment and resources to deliver plans for sustainable social services for the future;
  - implementing new regional and national adoption structures within current budget restraints; and
  - management and governance arrangements in relation to the joint children's disability service run in conjunction with Newport.
- 39 CSSIW has identified the following areas of good practice:
- Multi-disciplinary Intervention Service Torfaen (MIST) developed with Action for Children to provide services for young people with complex needs;

- the low level befriending project run in partnership with the third sector to provide local support to adults who may be vulnerable; and
- schools based co-ordinator to support looked after children.

40 The Council's performance against national comparative data shows a mixed picture of improvement:

- Performance in relation to delayed transfers of care per 1,000 population aged 75 or over) improved significantly from 6.3 in 2011-12 to 3.86 in 2012-13. This was better than the slight improvement levels across Wales, better than the Wales average of 4.57 and resulted in an improvement in ranking from 17th in Wales in 2011-12 to 12th in 2012-13. This was better than the Wales average of 4.57.
- The rate of older people (aged 65 or over) supported in the community per 1,000 population improved from 124.3 to 132.79. This was better than the Wales average of 77.53 and keeps the Council ranked 3rd in Wales.
- The rate of people aged 65 or over supported in care homes per 1,000 population deteriorated from 21.6 in 2011-12 to 23.49 in 2012-13. This was worse than the Wales average of 20.63. The Council's rank worsened from 14th in Wales in 2011-12 to 20th in 2012-13.

- The percentage of adult protection referrals completed where the risk has been managed deteriorated slightly from 75 per cent in 2011-12 to 74.62 per cent in 2012-13. This was worse than the Wales average of 91.84 per cent and resulted in a worsening in ranking from 20th in 2011-12 to 22nd in 2012-13.
- The percentage of care plan reviews that were completed in time improved slightly from 81 per cent in 2011-12 to 82 per cent in 2012-13. This was above the Wales average of 80.9 per cent. But some other councils are improving faster, so the ranking deteriorated from 9th in 2011-12 to 11th in 2012-13.
- The percentage of carers who were offered an assessment in their own right increased from 95.5 per cent in 2011-12 to 98.6 per cent in 2012-13. This was above the Wales average of 86.8 per cent. This kept the Council's ranking at 8th in Wales.

### The Council's performance on ensuring its resources are used wisely has been mixed and performance on reducing waste is declining

- 41 The Council has prioritised two improvement objectives in 2012-13 to help them deliver this corporate plan priority. These were to ensure that the Council delivers efficient and effective waste and recycling services and to work in different ways to reduce costs. The Council selected 14 measures it would use to assess whether it had achieved these two objectives in 2012-13. The Council's evaluation of its performance was that it was partly successful in its delivery of both these objectives in 2012-13.
- 42 In delivering efficient and effective waste and recycling services, the service has yet to demonstrate notable improvements in its key performance measures for waste and recycling services:
  - The percentage of reported fly tipping incidents that were cleared within five working days increased from 77.4 per cent in 2010-11 to 79.17 per cent in 2012-13. This was still significantly below the Wales average of 92.16 per cent. The Council's ranking improved slightly from 22nd in Wales in 2010-11 to 21st in 2012-13.

- The percentage of Torfaen's highways and relevant land inspected that was of a high and acceptable standard of cleanliness deteriorated slightly from 100 per cent in 2011-12 to 98.1 per cent in 2012-13. This was better than the Wales average of 95.8 per cent. The Council's ranking worsened from 1st in Wales in 2011-12 to 6th in 2012-13.
- The percentage of municipal waste sent to landfill was 53.45 per cent in 2012-13. This was worse than the Wales average of 41.03 per cent. The Council's ranking was 22nd in Wales in 2012-13. The Council used 99.9 per cent of its landfill allowance in 2011-12 (compared with 92 per cent in 2010-11). This is the worst of all councils in Wales.
- The percentage of municipal waste collected by councils and prepared for reuse and/or recycled (including source segregated bio waste that are composted or treated biologically in another way) was 47.12 per cent in 2012-13. This was below the Wales average of 52.26 per cent and did not meet the Welsh Government's overall target for 2012-13 of 52 per cent. In the Welsh Government's red, amber, green ratings of recycling in Welsh councils, Torfaen is rated red. The Council's ranking was 21st in Wales in 2012-13.

### The Council has made mixed progress in delivering improvements on measures that are comparable with other councils in Wales

- 43 Performance in Housing has been mixed. The percentage of private sector dwellings that had been vacant for more than six months at 1 April, returned to occupation during 2012-13 through direct action by the local authority deteriorated from 46.8 per cent in 2011-12 to 30.64 per cent in 2012-13. This was well above the Wales average of 5.11 per cent and the Council ranked 1st in Wales. The number of additional affordable housing units provided during the year as a percentage of all additional housing units provided during the year was 54 units in 2012-13. This was above the Wales average of 45 units. The Council ranked 9th in Wales. The average time taken to deliver a Disabled Facilities Grant improved from 412.6 days in 2011-12 to 365 days in 2012-13. This was slower than the Wales average of 271. The Council's ranking stayed at 19th in Wales. Finally, the percentage of all potentially homeless households for whom homelessness was prevented for at least six months improved from 85.7 per cent in 2011-12 to 92 per cent in 2012-13. This was significantly better than the Wales average of 62.6 per cent. The Council's ranking improved from 7th in Wales in 2011-12 to 6th in 2012-13.

44 Planning, transport and highways performed well. The percentage of principal roads (A roads) and non-principal (B and C) roads in poor condition improved from 7.7 per cent in 2011-12 to seven per cent in 2012-13. This was significantly better than the Wales average of 13.4 per cent. The Council's ranking deteriorated slightly from 2nd in 2011 12 to 3rd in 2012-13. The percentage of adults aged over 60 who hold a concessionary bus pass increased from 93.3 per cent in 2011-12 to 94.9 per cent in 2012-13. This was above the Wales average of 84.8 per cent. The Council's ranking stayed at 2nd in Wales.

45 Leisure and culture performance improved but were still below the Wales average and compared poorly with other councils in Wales. The number of visits to a Council sport and leisure centre during the year was 7,760 in 2012-13. This was below the Wales average of 8,864 visits. The Council's ranking was 12th in Wales in 2012-13. The number of visits to public libraries during the year per 1,000 population was 3,866 in 2012 13. This was worse than the Wales average of 5,968. The Council's ranking was 21st in Wales in 2012-13.

### The Council lacks formal service standards and citizens are unable to effectively judge how well waste and recycling services are performing

46 Service standards set out what a resident can expect to receive from a council service. They should be developed with residents and explain what to expect from a service, what is expected of the resident and may also outline what the service will not do or will not provide. Service standards cover core areas such as access, cost, quality, timeliness and satisfaction.

47 In our *Annual Improvement Report* in 2011, a specific proposal for improvement was made to the Council to 'identify minimum service standards for all service areas against which performance can be monitored'. The Council recognised that this was an area for improvement and requested that, as part of our audit programme for 2012 13, we undertake further work to assist the Council to design a service standards framework. Our work relating to service standards was carried out within its waste service as the Council recognised that no formal standards were in place.

48 Our review concluded that the Council's waste service lacked formal service standards and so citizens were unable to effectively judge how well waste and recycling services were performing. The information and arrangements that the Council uses to improve the waste service are inadequate. The performance of the waste service has failed to keep pace with other councils in Wales and the Council

cannot judge the quality and impact of the service on citizens. Because of limitations in its information base, it will be difficult for the waste service to assess whether any service standards they put in place in the future are being achieved. This is not helped by weaknesses in communication about service changes and performance levels, which is infrequent, easily missed and not always achieving the desired impact.

**The Council is good at managing its overall budget and continues to deliver essential services with less money but it needs to strengthen how it evaluates the impact of savings to ensure services do not become unsustainable in the future**

- 49 Following the May 2010 election, the UK Government carried out a Spending Review, which was finalised in October 2010. Overall, councils in Wales had a £155 million (3.8 per cent) real-terms reduction in their revenue funding from the Welsh Government in 2011-12. The Welsh Government is challenged with meeting these cuts in funding for Wales, which means that all councils in Wales have to make difficult decisions on how they deal with reductions in funding, which are impacting directly on local services and people.
- 50 Councils are therefore under increasing pressure to reduce costs but still have a duty to have arrangements to secure continuous improvement. The scale of cost reduction required means that councils will have to look beyond immediate short term savings and think more radically about how to take

cost out of the business and how to sustain this in the longer term whilst still improving services. Cutting spending effectively requires departments to take a strategic overview to avoid an erosion of service quality in priority delivery areas. Councils should clearly prioritise what services matter most, based on an accurate, realistic assessment of the costs, benefits and risks of the options.

- 51 During 2012-13 we reviewed how well the Council was managing with less resources. We concluded that the Council is good at managing its overall budget and continues to deliver essential services with less money but it needs to strengthen how it evaluates the impact of savings to ensure services do not become unsustainable in the future.
- 52 We came to this conclusion because we found that the Council's day to day budget monitoring is sound, savings have been approved, and expenditure is reducing, but the implications of budget cuts are not always identified and there are weaknesses in some aspects of its monitoring and evaluation of delivering savings targets. We found that the Council has a good understanding of the cost pressures it faces and has good systems in place to assess and review its medium term financial position. There are good processes in place to identify and agree savings plans but there is limited Member scrutiny of the delivery of these plans and their impact on services performance. The Council has communicated the financial challenges it faces and staff broadly know what the cost pressures are going forward.

53 We also considered how the Council is reducing expenditure and delivering savings in specific services. Our review focussed on three service areas – Environmental Health, Housing and Waste Management – to understand how well these individual services are planning and delivering savings. We found that Environmental Health services are managing with reduced budgets and performance is mixed but it is unclear if the services are sustainable in the medium to long term. With regard to Housing services, performance remains mixed and whilst progress has been made on improving efficiency and value for money, the services face significant challenges and it will be difficult to secure further savings in the face of growing housing need. Finally, the Council's Waste Management Service has received significant financial investment over the last few years but the service has yet to demonstrate notable improvements in its key performance measures for waste and recycling services.

54 In a time of diminishing resources and growing budget pressures, it is important for councils to engage with local people about their services and to understand how changes in service delivery, as a result of budget decisions, are impacting on those that receive them. We found that residents in Torfaen use a wide range of Council services and, overall, most of the residents we spoke to were satisfied with Council services, although a small number were unhappy. The residents we spoke to also felt that the quality of most Council services have neither improved nor declined in the last year, but the majority felt that the condition of roads continues to deteriorate.

Most residents do not know what the Council plans for the future and whether the services they receive will change.

### The Council is making progress in its Welsh Language provision but further improvement is needed

55 The Welsh Language Commissioner reports that a number of complaints were made against the Council during the year, and an investigation was held under Section 17 of the Welsh Language Act 1993 following the launch of an English only telephone service. The Council cooperated and worked with the Commissioner in dealing with the complaints and during the investigation, and has shown how it intends to make improvements. The Council recently developed a bilingual corporate website, and the Council will need to continue to improve provision. The Council has identified the implementation of the Language Skills Strategy; face-to-face services; monitoring third party contracts; and assessing current policies in terms of their compliance with the Welsh Language Scheme as the main areas for improvement in 2013-14.

## The Council recognises the need to improve its governance and management arrangements in order to strengthen its self evaluation culture

### The Council has sound arrangements in place for the preparation and reporting of its annual Statement of Accounts

- 56 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 financial statements were prepared to a good standard with few significant matters identified. [Appendix 3](#) gives more detail.

### The Council has discharged its improvement reporting duties under the Measure although there is potential to strengthen its arrangements further

- 57 In our November 2013 Improvement Assessment Letter 2 to the Council, we reported that the Council had published its annual self-evaluation report of performance (Performance Report) in October 2013. We noted that the Council could strengthen its arrangements further by reporting more clearly on the benefits and outcomes of collaboration and by ensuring that service areas formally document how they have considered and used comparative information and reflected on best practice and high performers to deliver continuous improvement.
- 58 Good progress had been made in addressing individual proposals for improvement in relation to the Performance Assessment arising in previous years. The Council now provides an overall conclusion of its assessment of its success against

each of these Improvement Objectives for the year.

- 59 In addition, the Council has invested time looking into ways in which it can maximise accessibility of the Performance Report to its citizens. The report was promoted through the use of header banners both on the Council's homepage and the 'Council and Democracy' subpage of the website. Good use of social media was also demonstrated where video summaries of the Performance Report in both English and Welsh have also been uploaded to the Council's website and can also be accessed through the Council's Facebook and Twitter pages.

### Corporate arrangements for co-ordinating and reporting performance are being strengthened but some systems for managing performance and ensuring data quality within services are not robust

- 60 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 embedded corporate systems using Ffynnon<sup>4</sup> for reporting its performance and we have recently audited these systems to assess how effective and reliable these arrangements are. The measures we selected for audit are a mixture of National Strategic Indicators, Public Accountability Measures, Service Improvement Datasets, and local measures developed by the Council. All of the measures we audited are used by the Council to assess how well it is delivering

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

its improvement objectives and whether it is making a difference for its citizens. We selected six measures for audit in 2012-13. Our findings concluded that two of the local indicators had to be “qualified”, meaning that the information being reported could not be confirmed as being completely accurate, due to weaknesses in the underlying data and arrangements for producing the indicators.

- 61 In addition we found that insufficient progress has been made to respond to the qualifications and proposals for improvement arising from our data quality findings last year. Consequently, a statutory recommendation was issued under section 19 of the Local Government (Wales) Measure 2009. The Council discussed its proposed response to this matter at its Full Council meeting on 22 October 2013 and a formal response was provided to the Auditor General on 27 November 2013.

**The Council’s self evaluation of its governance arrangements were reasonably robust however its reporting of the effectiveness of these arrangements can be strengthened**

- 62 Since 2010-11, local authorities have been required to prepare an annual governance statement. This statement should encompass more than a just review of internal control; it should also include a review of the wider governance framework.

- 63 During 2012-13, we undertook an improvement study to evaluate the effectiveness of the Council’s review of its governance arrangements and how effectively this had been reported through its Annual Governance Statement. This was with a view to identifying how they can be improved to give assurance that they are reliable mechanisms of self-evaluation.

- 64 Overall this review concluded that whilst the Council’s Governance arrangements are reasonably robust, the Annual Governance Statement should better reflect the more unique features and challenges for Torfaen in working to achieve it’s strategic objectives. Action Planning through the Annual Governance Statement is weak and does not highlight where the Council’s focus is in planning to develop and improve it’s arrangements in the future.

- 65 The Council has already taken a number of steps to address the improvement opportunities arising from this review, including the establishment of a Corporate Governance Officer Group who will meet on a quarterly basis to continually review Governance arrangements and feed any emerging issues into the Council’s Leadership Team. In addition, a detailed review of the Council’s Code of Corporate Governance is nearing completion.



**The Council has identified and is implementing new mechanisms to allow scrutiny to play a greater role in reviewing and challenging its performance but the impact of this is still to be determined**

- 66 The Council's Corporate Improvement Team are continuing to work to better engage members in the performance management process and heighten the focus of performance improvement in scrutiny meetings.
- 67 Performance review sessions are carried out by the Executive Member for Corporate Governance on a quarterly basis. Some of the early findings from these reviews were received by the Overview and Scrutiny Committees as part of their scrutiny activity. These meetings ensure that data is subject to robust challenge and chief officers are held to account for poor performance and poor data recording within Ffynnon. All chief officers are provided an action plan from this review discussion and are required to provide responses to these actions for the next meeting.
- 68 Focus groups brought together as part of our performance assessment work identified that whilst there was an awareness by members of key issues in service areas, that they were not clear on how individual service areas were performing and how scrutiny could therefore focus on these areas.
- 69 Service performance has not been routinely reported through to non-executive members throughout the year, thereby providing limited opportunity to those members to question and challenge the Council on how it is performing. The principal route of reporting service performance to members was through the annual performance report at the end of the year. However, our observations at the October 2013 Council meeting did not show considerable member engagement on performance issues in this report. The Council also presented its year end service performance against plans to the joint scrutiny meeting in June 2013. Plans are in place to improve reporting on Council performance to scrutiny members throughout the year. In addition, training has been provided to members on the Ffynnon performance management system and member access to Ffynnon service information is in the process of rollout.
- 70 Between November 2012 and April 2013 elected members and scrutiny officers took part in a Scrutiny Learning Exchange project, facilitated by the Wales Audit Office, which involved other members and officers from neighbouring authorities observing scrutiny meetings and providing feedback to each other. This participation has provided an opportunity for the Council to reflect upon, and develop its own practices.
- 71 The Council undertook a self-evaluation of its Scrutiny function which was subsequently peer reviewed by the neighbouring authorities. The Council then produced an action plan which seeks to address the issues jointly identified for improvement.

- 72 The findings of the study along with the Council's action plan (integrated into the action plan for governance and improvement) were received by the Audit Committee in September 2013. Good progress has been made on communications between officers, scrutiny members and executive members, improving the quality and appropriateness of reports to scrutiny and providing training to scrutiny members. The Audit Committee has received progress updates on the action plan in December 2013 and February 2014.

## There are still weaknesses in the Council's arrangements to support planning for improvement that limit its ability to deliver sustainable improvement to services in its priority areas

In 2013-14, the Council discharged its improvement planning duties under the Measure. However, it should ensure that it acts more in accordance with Welsh Government guidance

73 In our October 2013 Improvement Assessment Letter 1 to the Council, we reported that the Council had published its annual improvement plan 'Our Forward Facing Plan for the Financial Year 2013-14: Delivering Corporate Plan 2', (the Plan), in June 2013. We noted that the Council could act more in accordance with Welsh Government guidance by ensuring the link between the Improvement Objectives and accompanying measures of success, baseline data and targets for improvement are clearer and more consistently evidenced.

74 The Council has set out a clear rationale for selecting its improvement objectives for 2013-14 based on its current performance, the Council's Corporate Plan 2 (2011-16), stakeholder and partner views, and consultation activity with citizens completed in November 2012. This has resulted in the Council continuing to prioritise the 10 existing improvement objectives from 2012-13 and adding a further five improvement objectives totalling 15 improvement objectives to be achieved during 2013-14.

75 Whilst the Council in 2011 made a commitment to deliver improvement against all of its 25 objectives by 2016, the Council's expectation that it is able to deliver 15 objectives in 2013-14 is ambitious at a time when financial and other resources are

increasingly under pressure. This ambition will need to be carefully managed in future years, as part of the Council's four year fundamental review of its resources. The increasingly difficult financial landscape facing the Council, and local government in general, will make achieving all 25 improvement objectives by 2016 a very challenging target.

76 We also highlighted additional scope to strengthen the links in the Plan between the measures set and the financial resources available. This would help citizens to understand that where the Plan sets targets for improvement, or for an anticipated decline in performance compared to previous years' levels, this is the result of a planned decision to increase or reduce resources in these areas.

**The Council has a good corporate framework and processes for managing improvement but service improvement planning needs to be strengthened**

77 Delivery of the Council's Improvement Objectives is underpinned by Service Improvement Plans (SIPs), which provide information on actions, measures of success and timescales to deliver the individual Objectives. These SIPs demonstrated good links between the individual Improvement Objectives and planned actions to support their delivery within service areas. Whilst we found good evidence of the 'Golden Thread' principle and the link between corporate priorities to service and team plans, our work identified a number of ways to which service improvement planning arrangements should be strengthened:

- service target setting is recognised as a key area for improvement;
- the Council recognises the need to ensure that measures to assess achievement of Improvement Objectives should be more outcome focussed;
- better linkages need to be made between the service improvement measures and financial planning so that it is clear how budget investment and savings decisions will impact on planned performance for each service area;
- measures need to provide better clarity as to whether a lower performance or a higher performance outturn is good as the description of some measures are unclear; and
- greater consideration of how data for measures is collated and recorded should be given at the time these are set by service areas.

**Torfaen is involved in more collaborations than the other councils we surveyed and in general, we found scope to improve the planning and management of projects and the lack of information on costs and benefits makes it difficult to assess value for money**

- 78 We carried out a review of collaborative working across four councils in Gwent; Blaenau Gwent, Caerphilly, Monmouthshire and Torfaen. The reviews sought to assess whether the councils' approaches to collaboration were robust and delivering what they intended.
- 79 We found that Torfaen is involved in more collaborations than the other councils (more than double the number of any other council we surveyed). However, the planning and management of some projects could be improved by clearly setting out the rationale for collaborating, nominating a lead officer and specifying clear timescales for the project. We also concluded that collaboration projects in the councils we surveyed generally lack information on the costs and benefits of collaboration, which has made it difficult to assess value for money.

## It is uncertain whether the Council is likely to make arrangements to secure continuous improvement for 2014-15

The Council has good, well established systems in place to coordinate and manage the findings and outcomes of our work and has made progress in addressing most of the areas for improvement we identified

80 The Council has a well established and comprehensive system to report the findings of our work and to manage delivery of areas for improvement and recommendations arising from this work. A Corporate Single Action Plan, which draws together the findings of our Corporate Assessment and Annual Improvement Work, is used to co-ordinate how services are addressing our conclusions and is monitored by the Council's Audit Committee. The Council has responded well to further improvement opportunities identified as part of our work and has subsequently broadened the scope of the action plan to fully incorporate the recommendations arising from Estyn and CSSIW's work. In addition, to promote the importance of ensuring continuous improvement and to ensure that members are fully engaged in the process and are given regular opportunity to challenge progress made by officers in addressing areas for improvement, this action plan is now a standing agenda item at all audit committee meetings.

81 In our October 2013 Improvement Assessment Letter 1 to the Council we reported that, overall, the Council's progress against most of our proposals for improvement was mixed. For example, the Council has strengthened its financial planning and management arrangements to ensure this is more closely aligned with service planning and the delivery of corporate priorities. In addition, the Council has been responsive to the findings of our annual governance statement review by establishing a Corporate Governance Officer Group to review and strengthen its corporate governance arrangements, and in informing the development of its Annual Governance Statement for this year. However slower progress has been made in a number of other areas, including the development of more robust outcome measures; the setting of service standards across key service areas and the development of a framework to support the Council's approach to collaboration.

82 Further to this, in our November 2013 Improvement Assessment Letter 2 to the Council, we highlighted that in developing its 2012-13 Performance Report, the Council had responded well to the messages highlighted in our assessment of the Council's Performance Report in the previous year.

83 Where actions are ongoing, we will continue to monitor and summarise the Council's progress in implementing them in our future reports. Further information about our findings in some of these areas is provided separately in interim updates to the Council where appropriate.

**The Council has developed good processes to support its four year fundamental review of service provision and spending to support the delivery of corporate priorities and the management of anticipated funding reductions**

- 84 The Council adopted its first formal Medium Term Financial Plan in February 2012. It also established an indicative 'Funding Plan', outlining a series of targets aimed at reducing expenditure and/or revising financial forecasts so they fall within the potential funding envelope available to the Council. This Medium Term Financial Plan has been kept under review and the funding plan have been regularly reassessed as new measures have been developed to close the funding gap.
- 85 The Council identified, in light of the unprecedented financial challenges facing it in the near future, that a generic cutting approach to deliver a balanced budget was unsustainable. It concluded that it must place a greater emphasis on prioritisation of resources, alternative delivery models and effective demand management.
- 86 In direct response to this change of emphasis, the Council has laid solid foundations to address its medium term financial challenges by embarking on a 'four year review', involving a fundamental look at the local services it currently provides. There is widespread recognition by senior officers and members that difficult decisions need to be made on what service priorities can

continue to be funded and those services that are downsized or discontinued. There is also a recognition of the need to consider how these decisions impact on the Council's need to protect the most vulnerable in the communities.

- 87 The Council commenced its four year review in May 2013 and developed a framework that identified 'protected' and 'unprotected' elements of service budgets. This framework assisted Members in gaining a greater understanding of what the respective components of each of the service budgets are and where they have scope to influence these as part of the decision making process.
- 88 The final revenue settlement was announced on the 11 December 2013 and outlined a headline reduction of 3.4 per cent in Welsh Government funding for the Council. Taking into account the Council Tax Reduction Top-up Grant that was transferred into the final settlement, the Council's true like for like reduction amounted to approximately 4 per cent reductions on the previous year. A Joint Overview and Scrutiny Committee took place on the 20 November 2013 consider proposals to address the budget reductions necessary and set out detailed proposals on suggested mitigation measures for each service along with likely service impact of implementing these proposals. The service area mitigation measures considered by the Joint Overview and Scrutiny committee totalled £7.140 million. This package of mitigation measures were approved in full by Council on 28 January 2014.

89 The Council provided an updated Medium Term Financial Plan to its Council meeting in March 2014, the cumulative impact of the pressures over the next three years is estimated to total £28.3 million: £10.7 million in 2015-16; £10.3 million in 2016-17 and £7.3 million in 2017-18.

90 The Director of social services reports very openly that continued local and national financial pressures have had a direct impact upon the Council's ability to take forward improvement and service planning at the pace required to meet projected future need and the sustainable social services in Wales agenda. Whilst front line services have been afforded some initial protection from efficiency savings over the past few years, the Council has now stated publically that this cannot be guaranteed for future years. We will continue to monitor the Council's delivery of its savings measures over the course of the year.

### **A Ministerial Education Recovery Board has been appointed following Estyn's judgement that the Council's education services for children and young people are unsatisfactory**

91 The authority is working closely with the Ministerial Recovery Board to address the shortcomings identified in the Estyn inspection of February 2013. Estyn will continue to monitor the authority's progress against its post inspection action plan throughout the year.

92 Based on this and taking into account the conclusions in this report, the Auditor General believes that it is uncertain whether the Council will be meeting the requirements of the Measure in making arrangements to secure continuous improvement.

# 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 park authorities, and fire and rescue authorities.

This report has been produced by the 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 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. The Auditor General will summarise his audit and assessment work in a published Annual Improvement Report for each authority (under section 24).

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the 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 Torfaen and Torfaen County Borough Council

#### The Council

The Council's budget is £225.7 million for 2013-14. This equates to about £2,475 per resident. In the same year, the Council also had a capital budget of £11 million.

Band D council tax in 2012-13 for Torfaen was £1,208. This has increased by 3.2 per cent to £1,246 per year for 2013-14. 84.8 per cent of Torfaen's housing is in council tax bands A to D.

The Council is made up of 44 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:

- 4 Conservatives
- 8 Independent
- 2 Plaid Cymru
- 30 Labour

The Council's Chief Executive is Alison Ward. Second tier officers are:

- Dave Congrieve, Assistant Chief Executive – Communities
- Nigel Aurelius, Assistant Chief Executive – Resources

## Other information

The Assembly Members for Torfaen are:

- Lynne Neagle, Torfaen, Labour
- Nick Ramsey, Monmouthshire, Conservative

The Regional Assembly Members for Torfaen are:

- Mohammad Asghar, South Wales East, Conservative
- Jocelyn Davies, South Wales East, Plaid Cymru
- Lindsay Whittle, South Wales East, Plaid Cymru
- William Graham, South Wales East, Conservative

The Members of Parliament for Torfaen are:

- Paul Murphy, Torfaen, Labour
- David Davies, Monmouth, Conservative

For more information see the Council's own website at [www.torfaen.gov.uk](http://www.torfaen.gov.uk) or contact the Council at Torfaen County Borough Council, Civic Centre, Pontypool, NP4 6YB.

## Appendix 3

### Annual Audit Letter

Leader of the Council  
Torfaen County Borough Council  
Council Offices  
Civic Centre  
Pontypool  
NP4 6YB

Dear Councillor Wellington

#### Annual Audit Letter 2013

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

#### The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's/Authority'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 25 September 2013 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund'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 11 September 2013. The most significant of these were:

- Debtors of £383,191 were included in the accounts relating to capital loans issued from the Council's own internal balances to its own schools, repayable over a period of up to 10 years. As the schools are directly controlled by the Council we concluded that this should be included as an 'other debtor' and the internal transactions should be eliminated from the financial statements. Following discussions at the Audit Committee, the Council did not adjust the accounts for this error as they did not consider this reflected the way in which the Council managed its cash position. On the basis that this error was not material I did not require this adjustment to be made.
- Debtors testing identified that one specific group of debts totalling £233,131 relating to old housing tenant rent debts has remained within debtors for a number of years. Whilst these debts have been fully provided for within the Council's bad debt provisions, I recommended that this debt be written off. In addition, I recommended that the Council should undertake a detailed review of all historic debts to ensure that it remains appropriate to continue accounting for these within the accounts or write them off.
- Following the legislative approval of the merging of the former four probation bodies into the Wales Probation Trust on with effect from 1 April 2010, all LGPS probation members were transferred into the Rhondda Cynon Taff Pension Fund from the agreed date of 1 April 2011. At the time of my audit, the agreement of the final transfer settlement value had not been reached. In order to reflect an outperformance of investment returns by the Greater Gwent Pension Fund, an additional £2 million transfer accrual was made in the 2012-13 accounts. It was concluded that the basis of estimating this accrual was reasonable, however I will continue to monitor this over the coming months until a final transfer value has been reached.
- I reviewed the Council's Internal Audit arrangements for 2012-13 to consider whether my recommendations made in previous years have been addressed. I also considered whether they were in line with the new Public Sector Internal Audit Standards which became applicable from 1 April 2013. My review of the 2013-14 plan identified that whilst a list of proposed reviews were identified, it did not provide sufficient detail in relation to risk assessment outcomes, resource requirements to deliver the plan and indicative timeframes for the delivery of the individual reviews. I recommended that the plan is strengthened to take account of these requirements and ensure compliance with the new standards. Internal Audit are currently reviewing the new Internal Audit standards and have agreed to incorporate these recommendations into that review.

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.

The Council has recognised, in light of the unprecedented financial challenges that face them in the near future, that a generic approach of cutting funding across service areas to deliver a balanced budget is not sustainable and that it must place a greater emphasis on prioritisation of resources, alternative delivery models and effective demand management. The Council is preparing itself for further significant funding pressures in the future. Consequently, the Council is in the process of undertaking a 'four year review', involving a fundamental look at the local services it currently provides. Senior officers and members understand that difficult decisions will need to be made on what service priorities can continue to be funded, those services that they propose to discontinue or disinvest from and how these decisions impact on the Council's need to protect the most vulnerable in the communities.

The Council commenced its four year review in May 2013 and is in the process of developing a framework that identifies 'protected' and 'unprotected' elements of service budgets. This framework will assist Members in gaining a greater understanding of what the respective components of each of the service budgets are and where they have scope to influence these as part of the decision making process. Whilst this framework is in its developmental stage, it represents positive progress in developing an effective service and financial planning model that the Council can continue to develop over the coming months and years. I will monitor progress on the development of this framework.

I issued a certificate confirming that the audit of the accounts had been completed on 25 September 2013.

The financial audit fee for 2012-13 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely,

**Barrie Morris, Grant Thornton UK LLP**

For and on behalf of the Appointed Auditor  
29 November 2013

## Appendix 4

# Torfaen 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 2013-14 in its *Our improvement plan for the financial year 2013/14: Delivering on Corporate Plan 2 (CP2)* which can be found on the Council website at [www.torfaen.gov.uk/en/Related-Documents/Performance-Improvement/Forward-Facing-Improvement-Plan/2013-2014-Forward-Facing-Improvement-Plan.pdf](http://www.torfaen.gov.uk/en/Related-Documents/Performance-Improvement/Forward-Facing-Improvement-Plan/2013-2014-Forward-Facing-Improvement-Plan.pdf)

They are:

2012-2013 Improvement Objectives	2013-2014 Improvement Objectives
Ensure people receive the benefits they are entitled to	Ensure people receive the benefits they are entitled to
Raise standards of educational attainment	Raise standards of educational attainment
Ensure learning for all children and young people is inclusive and accessible	Ensure learning for all children and young people is inclusive and accessible
Ensure children are safe	Ensure children are safe
Support and protect vulnerable children	Support and protect vulnerable children
Ensure people's needs are assessed in a timely manner and the care provided is appropriate	Ensure people's needs are assessed in a timely manner and the care provided is appropriate
Ensure the range and quality of social care services is appropriate to meet people's needs	Ensure the range and quality of social care services is appropriate to meet people's needs
Promote people's independence	Promote people's independence
Deliver efficient and effective waste and recycling services	Deliver efficient and effective waste and recycling services
Work in different ways to reduce our costs	Work in different ways to reduce our costs

2012-2013 Improvement Objectives	2013-2014 Improvement Objectives
	Coordinate activities that reduce anti-social behaviour
	Ensure roads and streets are safe, maintained and clean
	Ensure the local environment is safe, managed and maintained
	Improve access to social care services
	Transform educational provision for young people aged 14 to 19

### The Council's self-assessment of performance

The Council self-assessment of its performance can be found in the *Our Performance Report for the financial year 2012/13: Delivering our Corporate Plan 2 (CP2)* located on the Council's website at: [www.torfaen.gov.uk/en/Related-Documents/Performance-Improvement/Our-Performance/2012-2013-Annual-Performance-Report.pdf](http://www.torfaen.gov.uk/en/Related-Documents/Performance-Improvement/Our-Performance/2012-2013-Annual-Performance-Report.pdf)

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