



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Incorporating the Corporate Assessment Report 2014

Merthyr Tydfil County Borough Council

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This Annual Improvement Report incorporating the Corporate Assessment has been prepared on behalf of the Auditor General for Wales by Colin Davies, Gareth W. Lewis, Jeremy Evans, Justine Morgan and Katherine Simmons with assistance from Sara-Jane Byrne and Sophie Taylor of PricewaterhouseCoopers under the direction of Jane Holownia.

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Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. This report sets out the findings of the work undertaken on behalf of the Auditor General by the staff of the Wales Audit Office and Pricewaterhouse Coopers in Merthyr Tydfil County Borough Council (the Council), and also draws on the work of the relevant Welsh inspectorates. The report summarises the assessments undertaken since the Auditor General published his last annual improvement report in May 2014 and includes the findings of the Auditor General's Corporate Assessment, undertaken in September 2014. Taking all these findings into account, the report records the Auditor General's conclusion on whether he believes that the Council will make arrangements to secure continuous improvement for 2015-16.
- 2 This conclusion should not be seen as a definitive statement of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements in place are reasonably sound insofar as can be ascertained from the work carried out.
- 3 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@audit.wales or writing to us at 24, Cathedral Road, Cardiff CF11 9LJ.
- 4 The Auditor General has concluded that **the Council's track record, and its capacity and capability may mitigate the effectiveness of its arrangements to secure continuous improvement for 2015-16**. This judgement reflects the conclusion of his corporate assessment, that **the Council continues to face significant challenges and must continue to draw upon external support if it is to deliver its priorities**.
- 5 The audit team found that **the Council continues to deal with significant service and financial challenges with the benefit of external support:**
 - a the Council has established a shared vision for the County Borough with its partners which it supports through its own clearly stated corporate priorities;
 - b the Council and its partners are working effectively towards shared goals and have delivered improved facilities and positive outcomes for citizens;
 - c the Council is undertaking a programme of cultural change to support the organisation to more effectively manage and challenge performance;
 - d the Service Improvement Framework (SIF) is leading to more objective self evaluation and, whilst internal scrutiny and challenge is developing, the Council continues to benefit from external support to improve its capacity to robustly challenge financial and service performance; and
 - e sound governance structures are mostly in place but there are weaknesses in safeguarding and whistleblowing arrangements, and some other arrangements are not working as effectively as they might.

- 6 We also found that **the Council has taken significant strides forward in its use of resources but needs to ensure it has sufficient capacity and capability to meet the challenges ahead.** We found that:
- a the Council has improved its financial governance arrangements and is better monitoring and managing its finances, although it benefits from, and continues to need, additional support to improve the capacity of members and managers to robustly challenge financial and service performance;
 - b the Council has effective asset management arrangements which prioritise the maintenance of appropriate levels of capital receipts and the efficient use of buildings, particularly in respect of energy efficiency;
 - c the Council's arrangements to manage and utilise its workforce have not been effective and it has an action plan in place to drive improvement; and
 - d the Council's arrangements and use of technology and information are supporting improved services for citizens.
- 7 Finally, we found that **the Council's progress towards achieving its planned outcomes remains variable.** We concluded that:
- a The Council is benefiting from the support of the Education Recovery Board. This is having a positive impact on driving improvement in some key education areas but the scale and pace of improvement of educational attainment remains a significant challenge.
 - b In 2013-14, spend on social services (per head of population) in Merthyr Tydfil was the third highest in Wales. The Council recognises that the financial challenges it faces, and the consequences of the impending introduction of the Social Services and Wellbeing (Wales) Act 2014, will require changes at all levels.
 - c The Council has not met the national targets for recycling but, following the award of a Welsh Government grant, it is piloting an alternative method of waste collection.
 - d The Council is currently delivering environmental health services at above minimum levels, but the current period of financial austerity presents a challenge for it to take on new statutory duties that protect the public and the environment.
 - e Whilst overall performance against the national indicators improved, the Council fell short of meeting its targets and is reporting mixed progress towards achieving its improvement objectives.
 - f The Council has taken positive steps to adopt a Welsh Language Statement and develop a new action plan to improve compliance with the Welsh Language Scheme.

Recommendations and proposals for improvement

- 8 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- a make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
 - b make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days;
 - c conduct a special inspection and publish a report and make recommendations; and
 - d recommend to Ministers of the Welsh Government that they provide assistance to the Council or intervene in some way.
- 9 The Auditor General makes the following formal recommendations for improvement:

Recommendations	
R1	The Auditor General recommends that the Council following discussion with the Welsh Government continues to secure appropriate external support to enable it to deliver its statutory duty to deliver continuous improvement.
R2	The Auditor General also recommends that the Welsh Government continues to provide support through the Education Recovery Board and that it keeps under review the support it provides to the Council generally.

Introduction

- 10 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.
- 11 In 2013-14, staff of the Wales Audit Office began a four-year cycle of corporate assessments of improvement authorities in Wales. This means that, in addition to an annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each Council will receive an in-depth corporate assessment once during a four-year period. In the intervening years, we will keep track of developments and focus further assessment work on a number of key themes, developed in discussion with each Council.
- 12 We undertook our main Corporate Assessment fieldwork in Merthyr Tydfil County Borough Council (the Council) during September 2014 and have been tracking progress since that time. This annual improvement report includes the Corporate Assessment report, and also summarises the regulatory reports issued to the Council since the last annual improvement report was published in May 2014. Whilst the corporate assessment does not aim to provide a comprehensive analysis of the performance of all of the Council's services, it reports on the Council's track record of performance and outcomes as well as the key arrangements that are necessary to underpin improvements in services and functions.
- 13 This work has been undertaken by staff of the Wales Audit Office and PricewaterhouseCoopers on behalf of the Auditor General. 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 the Council is trying to achieve, how it is going about it, and the progress it has made since the Auditor General published his last annual improvement report. Finally, taking all this into account, the report records the Auditor General's conclusion on whether the Council is likely to make arrangements to secure continuous improvement for 2015-16.
- 14 This conclusion should not be seen as a definitive statement of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements in place are reasonably sound insofar as can be ascertained from the work carried out.
- 15 Our fieldwork for the corporate assessment focused on the extent to which arrangements are contributing to delivering improved service performance and outcomes for citizens. The corporate assessment sought to answer the following question:
'Is the Council capable of delivering its priorities and improved outcomes for citizens?'

- 16 The Corporate Assessment covers the following:
- a **Vision and strategic direction:**
'Does the Council's vision and strategic direction support improvement?'
 - b **Governance and accountability:**
'Do the Council's governance and accountability arrangements support robust and effective decision making?'
 - c **Use of resources:**
'Is the Council managing its resources effectively to deliver its planned improvements in performance and outcomes?'
 - d **Collaboration and partnerships:**
'Are the Council's collaboration and partnership arrangements working effectively to deliver improved performance and outcomes?'
 - e **Managing improvement:**
'Is the Council effectively managing its improvement programme?'
 - f **Performance and outcomes:**
'Is the Council making progress on achieving its planned improvements in performance and outcomes?'
- 17 The conclusions in this report are based on the work carried out and, unless stated otherwise, reflect the situation at the point in time they were concluded.

Detailed report

The Council continues to deal with significant service and financial challenges with the benefit of external support



The Council has established a shared vision for the County Borough with its partners which it supports through its own clearly stated corporate priorities

- 18 The Council benefits from a stable and committed political leadership whose ambitions are, for the most part, shared across all political groups. There is a common focus to improve the quality of services and facilities for the benefit of the citizens of Merthyr Tydfil.
- 19 The Council's vision and strategic priorities have been developed in conjunction with, and are complementary to those of its partners within the Local Service Board (LSB) (see [Appendix 7](#)). The Council sets out its vision within its Improvement Plan, as required by the Local Government Measure 2009 (the Measure). The Council's **Corporate Plan 2013-2017** (updated for 2014-15), contains seven strategic priority areas which are underpinned by specific measures of success and actions to be delivered. The Council's vision demonstrates a clear commitment to continuous improvement.
- 20 The seven priority areas contained within the Corporate Plan, which constitute the Council's Improvement Objectives, address the following themes with their associated goals:
 - a **Raising Standards of Attainment:** By 2017, we want to reach a point where attainment of children and young people in Merthyr Tydfil is within the top ten of authorities in Wales
 - b **Employability:** By 2017, we want the percentage of working aged adults with no qualifications to be lower in Merthyr Tydfil than the Welsh average and the percentage of adults with level 1 and 2 qualifications to be higher than the Welsh average
 - c **Economic Development:** By 2017, we want to see an increase in business start-ups and those that continue to trade reflecting a competitive business sector that is both resilient and competitive in a changing global market
 - d **Active Lifestyles:** By 2017, we want to see a sustained increase in the participation of physical activity from all residents in Merthyr Tydfil, and a contribution to improved health and well-being
 - e **Promoting Independence:** By 2017, we want to see a gradual improvement in the proportion of the adult population that can live independently through connection with preventative and early intervention services, and a reduction in the proportion that cannot live independently
 - f **Meeting the Needs of Vulnerable Children:** By 2017, we want to see effective early intervention and prevention services that support more children at an early stage before problems escalate, and children become in need of social services intervention, protection, or need looking after by the authority

- g **Sustainable Environment:** By 2017, we want to see improvement in the areas of Climate Change, and Sustainable Urban Development so that residents live in homes that are in good repair and energy efficient, and in a community that is clean and tidy
- 21 The Council has a strategic framework and guidance in place in the form of a joint public engagement strategy for Merthyr Tydfil and Rhondda Cynon Taf LSBs. The Cwm Taf Engagement Hub aims to provide a one stop shop for all engagement and consultation activity across both Merthyr Tydfil and Rhondda Cynon Taf and to encourage all partners to work together and pool resources when undertaking consultation or engagement. The Hub provides a place for members of the public to view all consultation and engagement being undertaken across Merthyr Tydfil and Rhondda Cynon Taf, enabling citizens to have their say, and view feedback on consultations.
- 22 The Council has expanded the way it engages with citizens in order to try and engage with a wide variety of different groups. The Council's consultation exercise for the Budget and Phase 3 of the Council's Efficiency Programme for 2015-16 took a varied range of approaches including an online survey, leaflets, drop-in sessions and road-shows, live social media sessions (Facebook and Twitter) and direct service user engagement. Cabinet was provided with a comprehensive analysis of the results of this exercise to inform the budget setting process for 2015-16.

The Council and its partners are working effectively towards shared goals and have delivered improved facilities and positive outcomes for citizens

- 23 Building upon a history of extensive partnership working, the Council continues to show its openness to developing regional approaches and exploring joint working and procurement arrangements. The Council has many different types of partnerships and collaborations in place, including statutory and non-statutory. These include arrangements with neighbouring Councils, South Wales Police, South Wales Fire and Rescue Service, Cwm Taf University Health Board, the Third Sector, the University of South Wales and Merthyr College, registered social landlords and the private sector. There is clear alignment between the Single Integrated Plan (SIP) priorities, and those contained within the strategic plans of the Council and those of its partners. Partners value the Council's inclusive approach and enjoy an effective working relationship due to a shared vision and purpose.
- 24 Collaborative working has enhanced the Council's capacity to deliver, and it has achieved significant investment through partnership working. The Council has had previous success in securing European Union (EU) funding with over £46 million obtained between 2007-13 from the European Social Fund (ESF) and European Regional Development Fund (ERDF) funding streams. The Council has been proactive in identifying future EU funding streams including alternative and new areas to those currently used. There are risks associated with the sustainability of these funding streams, but the Council has sought to mitigate these through

seeking European partners to ensure eligibility for the next round of EU funds in 2020. This includes applying to Horizon 2020, the EU Research and Innovation programme with nearly €80 billion of funding available over seven years (2014 to 2020).

- 25 Examples of major capital projects which have been delivered collaboratively, provide improved facilities, and support positive outcomes for Merthyr Tydfil's citizens include the Town Centre Regeneration and the Red House, the College Merthyr Tydfil (a tertiary college of the University of South Wales), Keir Hardie Health Park and the new Bridewell Police Station with walk-in public enquiry facility at the Civic Centre for police services.
- 26 Aside from these large capital projects, the Council also contributes to a range of regional strategic partnerships, for example the Cwm Taf Regional Collaboration Board (CTRCB). The CTRCB brings together the Rhondda Cynon Taf and Merthyr Tydfil LSBs for both collaborative working and to enable wider access to funding. An example of this is the Intermediate care funding for four project streams helping to build capacity around social care and wellbeing, resulting in the recruitment of more social workers to help vulnerable people live independently at home.
- 27 A number of Strategic Partnerships are focussed on specific areas of responsibility and activity such as the Cwm Taf Local Safeguarding Children's Board, City Regions Board, SEWIC (Regional Social Services Improvement Consortium), Central South Consortium (School Improvement), Cwm Taf Youth Offending Service, and Merthyr Tydfil Adult Community Learning Partnership.
- 28 The LSB is a key vehicle for bringing partners together to deliver on shared priorities. The membership is at an appropriate level for decision making and includes an Independent Chair and a representative of the **Merthyr Tydfil Borough Wide Youth Forum**. This representation of young people is valued highly by members of the LSB and there is a commitment to take this forward into the Public Service Boards.
- 29 The Council is developing its arrangements to manage its partnership projects. When exploring a proposed collaboration, the Council considers the links between the project objectives and the SIP and Corporate Plan priorities. However, the Council recognises the need to improve its evaluation of partnerships, for example by more fully assessing the risk and potential duplication of activity prior to entering into partnership projects. Furthermore, given the time bound nature of funding sources, there is not always full consideration of staff on costs or succession planning for when specific funding ceases. The Council has developed and intends to adopt a partnership risk management framework, which has recently undergone a six month pilot by a range of services to test its effectiveness.

- 30 Despite the uncertainty surrounding the future configuration of local government in Wales, the Council has a clear vision of its future role in partnership and collaborative arrangements, recognising that it can no longer continue to deliver all services in the way it has in the past. We understand that the Council is actively engaging in discussion with Rhondda Cynon Taf County Borough Council at a strategic level with a view to developing existing collaborative arrangements and identifying opportunities for streamlining processes and systems and sharing capacity.

The Council is undertaking a programme of cultural change to support the organisation to more effectively manage and challenge performance

- 31 The Council is undertaking a programme of significant cultural change, with the aim of creating an environment of high expectation, high accountability, high transparency and low blame. There is a greater emphasis on improving staff and service performance and the Council has adopted a set of customer-focussed values and behaviours. This culture change has been triggered by a number of factors – a negative Estyn Inspection, a Statutory Recommendation from the Wales Audit Office, and feedback from an employee satisfaction survey and a series of culture review workshops held by the Council.
- 32 The employee satisfaction survey and culture review identified four common themes; staff were proud to work for the Council but had inconsistent and unclear priorities and felt they worked in siloes; leadership was not visible or cohesive with a lack of accountability; individual performance management was inconsistent and poor performance and behaviours were not being addressed, and; there was a lack of trust and honesty within the organisation. In response to this feedback, the Council identified three overarching recommendations focusing on leadership: ways of working and behaviours, individual support, and development.
- 33 A staff forum was formed in December 2013 and meets monthly to provide a platform from which to gather employee feedback and to identify problems that need to be addressed in the Council. The forum has taken previous work of Cabinet and staff focus groups to create the set of core values and behaviours that all employees should follow and exhibit. These core values and behaviours have been built into the Corporate Plan and the new 1-2-1 and appraisal process, although it is unclear at present how far down the organisation the new process has reached. An indication of the progress that the Council is making on its cultural development journey can be taken from the responses to our survey of senior managers (81 per cent response rate) at the Council which was undertaken as part of our Corporate Assessment (see [Appendix 5](#)).
- 34 The responses indicate that the Council's cultural change programme and corporate planning arrangements are achieving a focus on outcomes:
- a 92.8 per cent of respondents answered positively to the statement "I am clear about the outcomes that the Council is trying to achieve.

- b 85.6 per cent of respondents answered positively to the statement “Achieving desired outcomes is well integrated into service planning”:
 - c 47 per cent of respondents answered positively to the statement “The Council’s formal appraisal systems ensures that senior managers have the appropriate skill for their job.” Although responses indicate that there is some way to go before the new performance appraisal system is universally and effectively implemented.
- 35 Forum members feel the group is an effective conduit for information sharing down through the organisation as well as providing feedback going up, and believe the culture in the organisation is improving along with a strong buy-in to the ‘Merthyr Way’.

The Service Improvement Framework is leading to more objective self evaluation and, whilst internal scrutiny and challenge is developing, the Council continues to benefit from external support to improve its capacity to robustly challenge financial and service performance

- 36 We have, in the past, been critical of the extent to which annual improvement plans have communicated the Council’s priorities effectively to citizens. The Council has worked hard to improve the quality of this key plan and the Council’s **Corporate Plan 2013-17** (updated for 2014-15) is a clear and accessible document that sets out far more clearly than before what the Council’s priorities are, what it is seeking to achieve and how its success might be measured and evaluated. We issued a certificate in July 2014 confirming that the Corporate Plan discharged the Council’s duties under the Measure (see [Appendix 2](#)).
- 37 We provided feedback to the Council on how the Plan could be improved further. This included explaining more clearly why the priorities chosen are important to the Council and continuing to develop more robust outcome measures so that it can better monitor the impact of its actions to deliver its priorities. The **Corporate Plan 2013-2017** lacked information about how priorities would be delivered, although this was included in the supplementary **Delivery Plan**. We found the quality of service level improvement plans to be variable and, again, information about deliverability was limited. Workforce planning information in particular was weak.
- 38 The Council has further developed its SIF, a simplified and more outcome focussed approach to performance management and self-assessment, which it anticipates will drive a step change in these lower level plans as it is implemented. The SIF sets out the key components of the Council’s improvement planning process from the Single Integrated Plan to individual performance appraisals. It also outlines the mechanisms in place to ensure accountability. Self-evaluation is at the heart of the framework and, if followed robustly, the SIF should provide a strong platform to help drive improvement. It is comprehensive and emphasises the importance of integrating a range of key information including risk, workforce planning and finance.

- 39 This key information is captured in report cards, which were introduced when the national Ffynnon performance system was withdrawn by Welsh Government. These report cards are used to report performance to Cabinet and Scrutiny. Our review of a sample of the report cards found that the quality of the initial cards, those to support the Single Integrated Plan for example, was variable. However quality and consistency is improving and those subsequently developed for the Corporate Priority Areas were stronger.
- 40 The Council's framework has been applied to partnership projects working towards SIP priorities. Partners have welcomed this change, indicating that the Results Based Accountability (RBA) report card format has increased accountability and improved the LSB's ability to monitor performance. As a result, scrutiny and challenge of projects by partners is improving, but it has not reached the stage where it is sufficiently robust. For example, the relationships between project finance and performance are not yet sufficiently linked to enable the Council and its partners to clearly evaluate whether partnership projects are delivering value for money.
- 41 The framework places self-evaluation at its heart and mechanisms have been established to facilitate this, namely line of inquiry meetings and challenge sessions. The approach to self-evaluation is developing building on the first whole authority self-evaluation undertaken last year. Feedback on this process was sought from Heads of Service and Members and lessons have been learnt and the approach refined. In addition the Council has taken account of experience from other councils, particularly Denbighshire County Council, and through recruiting additional in-house capacity and knowledge.
- 42 An annual programme of individual service challenge sessions has been set out to August 2015. The purpose of these sessions is to assess and scrutinise service performance. My staff have observed two of these early sessions, those challenging the Finance and HR services. There was a clear commitment from the Leader and Chief Executive, who both attended these sessions and drove the process. A range of self-evaluative information including quality of service outcomes, service provision and delivery, and leadership and management was used to inform the sessions and there was an appropriate balance of challenge and support together with a clear focus on improvement. However, at the end of these challenge sessions, my staff were unclear as to the key performance issues identified and to the actions, if any, to be taken as a result.
- 43 Whilst the Council considers it important to maintain consistency across the challenge sessions, the format and scope will need to evolve as the Council learns from the sessions completed. The Council must maintain a comprehensive record of actions arising from the sessions, not only for the ongoing monitoring of what is agreed, but also to help determine the frequency of the challenge meetings.

- 44 Scrutiny of performance is developing as the Council's performance report cards embed and with each iteration of elements of the SIF. Members are engaging well with the process although they have some reservations, such as the move from specific performance targets to more dynamic performance 'windows'. The Council is reviewing how scrutiny can challenge performance more effectively.
- 45 In the increasingly evident environment of 'high expectation, high accountability' within the Council, service and corporate performance is being challenged in many settings, not just scrutiny. For example, in Service Management Board and Executive Board, performance is appropriately challenged and officers called to account. Consequently, members and senior officers have a significantly better shared understanding of corporate priorities and service strengths and weaknesses, promoting better visibility and subsequently better collaboration between services.
- 46 The Council recognises that it has faced, and continues to deal with, significant strategic challenges, not least in relation to the low educational attainment of its young people and delivering its services within increasingly stringent financial constraints. In these areas, arrangements for scrutiny and challenge are enhanced. Since June 2013, the Education Recovery Board, comprising of external senior, experienced education professionals, has worked effectively with the Council, holding elected members and officers to account for their improvement activity and evidence of its impact.
- 47 In the areas of strategic financial planning and monitoring, last year the Council established more rigorous scrutiny and governance arrangements in the form of its Transformation Programme Board (TPB) and Budget Board. Subsequently, the Council requested that Welsh Government provide a package of support to provide it with an independent perspective on, and an external validation of, the robustness of the Council's financial plans and processes, and to assess the Council's transformation work programme to ensure it is fit for purpose. The support package commenced on 30 June 2014, and is being delivered by two external senior, experienced, professional advisors.
- 48 The developing SIF is still in the process of being embedded and it is too early to fully assess its effectiveness and impact. It does however have the potential to provide the Council with the platform it needs to more effectively scrutinise and manage performance and drive improvement. Some clear benefits are already being seen, such as more objective self-evaluation based upon a more robust and complete statistical evidence base. The next year will be key to determining if these benefits are being effectively utilised to inform targeted scrutiny and challenge, and consistently leading to improvement actions which have a demonstrably positive impact on performance.

- 49 Meanwhile, we consider that the Council benefits from, and continues to need, this external support to improve the capacity of elected members and senior managers to robustly challenge financial and service performance. In relation to the Budget Board we suggest, and the Council agrees, that it would benefit from further objective service professional input related to the specific services it calls to account. The Council is discussing with the Welsh Local Government Association how it might source this additional capacity.
- 50 Last year, we reported that the Council's reporting and evaluation of its performance is improving. Overall, the Council provides citizens with a clear evaluation of the progress it is making towards achieving its improvement objectives and the impact of its improvement activities on service users and citizens. Once again this year, we judged that the Council's assessment of its performance in 2013-14, published in October 2014, complied with the requirements of the Measure. We issued a certificate confirming our opinion in November 2014 (see [Appendix 3](#)).

Sound governance structures are mostly in place but there are weaknesses in safeguarding and whistleblowing arrangements, and some other arrangements are not working as effectively as they might

The Council has generally sound structures and arrangements in place to support good governance but these arrangements are not clearly reflected in its Annual Governance Statement

- 51 Senior officer and member roles and responsibilities are described and detailed in the Council's constitution and supporting documents. A copy of the constitution is given to all members and senior officers on appointment, and refreshed as the constitution is updated. The Monitoring Officer last took an updated constitution to full Council for approval in December 2014. Following this, the publicly available version on the Council's website was also updated.
- 52 The constitution is clear about the behaviour expected of elected members and officers. This expectation is supported by a Standards Committee and by additional support from the Monitoring officer. Members and officers generally behave in accordance with the respective codes of conduct and communicated to us a sense of their understanding of, and empowerment by, the relevant responsibilities associated with their respective functions.
- 53 The Leader is clear that ultimate accountability for achieving Council priorities lies with Cabinet members. Communication between groups is clear and transparent, enhanced due to the compact nature of the Council, and also by ensuring that there is appropriate overlap in membership of key governance groups, such as the Budget Board and Transformation Board.

- 54 Observed relationships between members and officers indicate they are both trusting and constructive. Cabinet members, and members in general, have opportunities to question Heads of Service and managers and to challenge service performance. Whilst some of these processes are informal, the Leader and Chief Executive are jointly driving a change in culture. This encourages an environment in which officers feel safe in disclosing poor performance and seeking support to help resolve performance issues.
- 55 The Council's governance structures are appropriate and straightforward although the corporate organisational structure has been in a state of change over the last year, due in part to senior officer movements. Some senior officer positions have been temporary in their nature as a result. This situation was resolved at Full Council on 11 March 2015, when a revised and final organisational structure was approved. The new structure is being implemented with immediate effect.
- 56 The Council has established an officer group to review and prepare the Annual Governance Statement (AGS) although elected members are not engaged in the review until the document goes forward for approval. The AGS is compliant with CIPFA requirements although there is scope in our view to further improve its content. We provided the Council with feedback last year as to specific opportunities to improve the AGS and its use within the Council, but limited progress has been made to date.

Scrutiny and challenge is developing but is variable in its rigour and focus, and its impact is unclear

- 57 Scrutiny challenge is developing but remains variable with strong and weak committees. A strong chair is critical to effective scrutiny management and good examples are evident, however there are also weaker examples where scrutiny remains too officer led. There are examples where the Council has used pre-decision scrutiny to good effect, and consideration should be given to extending its use to further reinforce the quality of key decision-making.
- 58 Scrutiny reports have generally appropriate content, although the Council is working to ensure that it provides members with the right information without the reports becoming overly long. Whilst scrutiny support is good and is valued by scrutiny members, the minutes of scrutiny meetings are not recorded in sufficient detail. As such it is difficult, from the minutes alone, to understand the rationale behind the recommendations made and the outcomes achieved by scrutiny committees. However, the scrutiny support team independently maintains an actions log to ensure that scrutiny recommendations and actions are not lost.
- 59 Training for scrutiny members is in place, and has been supported by the Centre for Public Scrutiny (CfPS) to develop a training programme to help drive consistency and generally improve scrutiny as a whole. All Members were invited to undertake a training needs assessment, although this did not get a full response. Training to date has included chairing skills, budget scrutiny and fact finding.

Risk management is integral to the Council's Service Improvement Framework with a focus on mitigating risks likely to impact upon financial viability and outcomes for citizens

- 60 Risk management arrangements are well-embedded within the organisation, having been in place for a number of years. The Council adopted its approach to risk management as a result of the Wales Programme for Improvement and has continued to develop this approach since. The latest version of the Risk Management Policy was approved by full Council in July 2014. The Council has a dedicated Risk Management Officer, and the Deputy Leader is the risk management champion. This helps to promote the importance of risk management at all levels of leadership.
- 61 Each corporate risk is allocated to a portfolio member to ensure that there are clear lines of responsibility and awareness at all levels of the Council. Presentations to the Audit Committee, Scrutiny Committees and Cabinet occur on a regular basis throughout the year. Those responsible for managing corporate risks are frequently called to Audit Committee meetings to feedback on the actions taken to mitigate these risks. Risk management informs the internal audit plan that is put in place for the year, and each year internal audit will focus on a number of corporate risks as part of their audit work.
- 62 The Council has reviewed and rationalised the risks included in its corporate risk register through a series of workshops, and by integrating the SIF's self-evaluation process. Rather than generic risks, the register now includes those risks which are most significant to the Council's financial viability and to ensuring the best outcomes for its citizens. The risk register is subject to regular review by the Audit Committee.
- 63 The Council's Audit Committee has focused on financial audit matters, largely due to the limited capacity of Internal Audit to undertake an appropriate range and number of value for money reviews. The Council has recruited two new members of staff to help resolve the capacity issues in Internal Audit but this is unlikely to have an immediate impact due to the need to train these individuals. The Chair of Audit Committee is proactive and the committee focuses on the issues before it, without being drawn into party politics.

There are some areas of weakness in the Council's arrangements to support the safeguarding of children, which the Council is addressing

- 64 Between March and May 2014, we completed a review in all councils of their arrangements to support the safeguarding of children. The work also included a review of the Council's whistleblowing arrangements. As well as interviewing key staff and councillors and reading relevant documents, we conducted an online survey for elected members, senior managers, and staff in the education and leisure services to test each council's arrangements.

- 65 We have reported the outcome of this work separately. In summary, we found that:
- a the Council has established clear governance and scrutiny arrangements for managing its children’s safeguarding responsibilities, but the lack of a specific Corporate Safeguarding Policy to underpin decision-making is a weakness;
 - b there is little evidence that service areas other than Social Services and Education are fully active in safeguarding;
 - c the proportion of survey respondents who were aware of who is the Council’s Designated Officer for Child Protection was higher than our survey average, although fewer respondents were aware of who is the Council’s lead Councillor for child protection;
 - d the Council applies formal safeguarding performance management arrangements throughout the year which culminate with the publication of an end-of-year performance assessment, although both Council officers and elected members acknowledged that the quality of safeguarding performance challenge at Scrutiny needs to be improved;
 - e there is no evidence that safeguarding training is taking place across all service areas, with a well below average proportion of survey respondents reporting that they had received recent training; and
 - f the Council has assured itself that it complies with data protection requirements.

There is significant scope to improve the Council’s whistleblowing policy, process, and training and to raise awareness of whistleblowing arrangements across the Council

- 66 Between March and May 2014, we completed a review in all councils of their whistleblowing arrangements. In summary, we found that:
- a the Council has created a well-structured and clearly written whistleblowing policy but it exists only as part of the Constitution, and it had not been updated to comply with the provisions of the Enterprise and Regulatory Reform Act 2013 (although this was subsequently addressed in an update to the Constitution, and reported to Full Council in December 2014);
 - b whistleblowing is referred to in documents outside of the policy itself, however there is significant scope to further publicise and raise awareness of the policy and the general arrangements;
 - c employees have not been trained specifically on whistleblowing and the Council has not done anything to check the level of awareness of the whistleblowing amongst its staff;

- d caseload information is not recorded in a formal, central way and a caseload report does not exist; and
- e the current whistleblowing arrangements, themes, trends and outcomes are not subject to member scrutiny and challenge.

The Council has taken significant strides forward in its use of resources but needs to ensure it has sufficient capacity and capability to meet the challenges ahead

The Council has improved its financial governance arrangements and is better monitoring and managing its finances, although it benefits from, and continues to need, additional support to improve the capacity of members and managers to robustly challenge financial and service performance

- 67 Councils are managing their finances in challenging economic circumstances and against a backdrop of increasing demand for services. Cost pressures have to be managed alongside substantial service demand pressures relating to, for example, the effect on services of an ageing population.
- 68 In my last Annual Improvement Report, published in May 2014, I reported on the difficulties that the Council has experienced in managing its revenue budget over recent years and the consequential adverse impact upon the Council's General and Earmarked Reserves. At that time, the Council was still projecting a significant budget overspend for the 2013-14 financial year. The overspend was mainly due to volatility in budget heads within social care (e.g. looked after children) and overspends on home to school transport expenditure. In the event, in July 2014, the Council reported an overall revenue surplus of £21,000 for the 2013-14 financial year. However, achieving this balanced position necessitated an additional, unplanned contribution from earmarked reserves of £760,000 together with utilisation of surplus to budget of £551,000 on the council tax collection fund.
- 69 Recognising the urgent need for more robust financial planning and service redesign, the Council has put in place new financial governance arrangements. In March 2014, the Council created a Budget Board with a remit to provide assurance as to the effectiveness of its financial management procedures and to establish increased budget accountability. The Board meets monthly to scrutinise and challenge services' projected revenue budget outturn.
- 70 As well as delivering its current services within budget, the Council needs to address projected budget deficits over the coming financial years through planned efficiencies and service redesign. The Council estimates in its Medium Term Financial Plan that it needs to secure recurring budget reductions in the order of £5 million per annum in each financial year over the period to 31 March 2018. In order to set a balanced budget each year it has developed, and continues to develop, cash saving programmes and projects. The delivery of these programmes and projects is now governed by the Transformation Programme Board (TPB). The TPB first met in June 2014 and has met on a monthly basis since. Its role is to support and monitor the delivery of the transformation programme and projected cash savings, and to challenge services to develop alternative methods to realise any identified savings that are not being met.
- 71 The Budget Board (chaired by the Deputy Leader) and TPB (chaired by Portfolio Lead on Transformational Change) membership comprises the Council Leader and selected Cabinet Members, together with the Chief Executive and selected senior officers.

- 72 In further recognition of the financial challenges it faces, the Council sought independent support from Welsh Government in June 2014. A formal package of support commenced on 30 June 2014, and is being delivered by two experienced professional advisors. Its overall purpose is to provide an independent perspective on, and an external validation of, the robustness of the Council's financial plans and processes and to assess whether the Council has the capacity and capability to drive the necessary improvement without external support.
- 73 In order to further strengthen its budget setting arrangements the Council has developed a Service and Budget Review (SBR) process, to inform its budget for 2015-16. The purpose of the SBR is to work with managers across the Council in prioritising service functions and in establishing further cash saving proposals. As well as identifying and challenging cost pressures in service and corporate priority areas, for instance to meet increasing demand and/or new statutory requirements, the SBR challenge includes consideration of the consequences of reducing service provision or ceasing the service altogether. All services of the Council are subject to this review.
- 74 Taking these new arrangements into account we consider that, overall, the Council now has in place many of the procedures, processes, systems, and governance structures necessary to drive change and ensure that it meets its financial challenges. Some, however, are relatively new initiatives and a key task for the Council is to ensure that they are working, and continue to work effectively.
- 75 The Council has already achieved some key positive outcomes:
- a For the current 2014-15 financial year, although the first quarter budget monitoring report (as at 30 June 2014) projected an overspend of £641,000, the equivalent report as at 31 December 2014 reports a projected net budget surplus of £190,000. The Council considers that this improved overall financial projection is a result of the introduction of specific Directorate recovery plans, and is a clear measure of the effectiveness of its Budget Board and TPB governance arrangements.
 - b On 25 February 2015, Council approved its Revenue Budget for 2015-16 (incorporating a 4.5 per cent rise in Council Tax) which identifies the additional 'unavoidable' expenditure demands to be funded, and how these are to be achieved through identified budget reductions (identified through SBR), supported by a capitalisation direction of £888,000¹.
- 76 Nonetheless, there remain some weaknesses in the Council's financial arrangements, and the scale of future financial challenges beyond 2015-16 are significant:
- a there are capacity issues within the finance department and within internal audit, which potentially restrict the effectiveness of strategic financial planning, management and review, given the enhanced financial risks faced by the Council;

¹ On 30 January 2015, the Council received approval from Welsh Government for a capitalisation direction of £888,000 for the 2015-16 financial year to assist with the cost of service reform. This will enable the Council to utilise capital receipts (proceeds from the sale of assets) to finance the cost of redundancies thus alleviating the financial burden on the revenue budget.

- b whilst the Council's Medium Term Financial Plan is broadly fit for purpose, the Council has yet to develop a long term vision and coordinated strategy for alternative service design as a framework to develop the radical changes in service delivery necessary to reflect anticipated reductions in local government finances;
 - c the Council is monitoring budget spend effectively but the level of scrutiny and challenge of budget pressures identified by services (for example in Social Services and in Waste management) is variable, as is the quality of performance and cost information being used to facilitate effective scrutiny and challenge;
 - d the current savings plans focus predominantly on cost-reduction rather than cost effectiveness and value for money, and the further in-year savings required (£5 million per annum) in 2016-17 and beyond are yet to be defined; and
 - e overall useable reserves now offer little flexibility to maintain a balanced budget if savings plans fall short or if there is significant slippage on the budget, or to support any 'invest to save' initiatives.
- 77 Balancing the positive outcomes achieved by the Council with the weaknesses and challenges still to be addressed, we consider that the Council needs additional external support to help coordinate and deliver its transformational programme, and to improve the capacity of members and senior managers to robustly challenge financial and service performance.
- 78 The Council's Annual Audit Letter (see [Appendix 4](#)), issued for and on behalf of the Appointed Auditor in November 2014, reports that:
- a the Council complied with its responsibilities relating to financial reporting and use of resources during 2013-14, and that;
 - b the Appointed Auditor is satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources (subject to areas highlighted in this Annual Improvement Report where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made).

The Council has effective asset management arrangements which prioritise the maintenance of appropriate levels of capital receipts and the efficient use of buildings, particularly in respect of energy efficiency

- 79 The Council has a property review process in place which enables them to consider everything within their ownership and consider what can be sold to raise capital receipts. They will have targets for capital receipt levels in the corporate plan and this is particularly important as they receive a number of large European grants for capital works, which they need to be able to prove they can match from Council funds.
- 80 There is an asset management working group in place so that decisions on asset use are made centrally rather than by individual departments. There is also a regional collaboration board in place (the Cwm Taf asset management group) which allows decisions on asset use to be made on a regional basis. For example, the Council allowing the police to use some of their premises has enabled the police to vacate one of their underutilised stations.
- 81 There is also an office accommodation strategy in place which enables the Council to ensure that assets are managed on the most appropriate basis. For example, work under this strategy enabled them to vacate Ty Kier Hardy, which was expensive leased office accommodation, and relocate workers to Unit 5 which has made a saving of approximately 20 per cent on their office costs.
- 82 There is a corporate asset management group in place and this includes representatives from all departments. An annual asset management report is taken to Cabinet. In addition, the main property holding departments have service asset management plans which feed into the corporate asset management plan.
- 83 Compliance with energy issues and health and safety legislation has been a key focus. A key issue identified was the lack of data available in area of energy use. The Council has therefore invested in specific software which enables them to capture relevant data on energy use, and this has been helpful in monitoring and making improvements.
- 84 The central estate management team reports a good working relationship with the building managers, and regular newsletters are published giving updates on legislation and energy saving tips.
- 85 The Council has also considered community asset transfers, and has a strategy in place which allows the Council to assess the community organisation's capacity to manage the asset and the service following transfer.

The Council's arrangements to manage and utilise its workforce have not been effective and it has an action plan in place to drive improvement

- 86 The Council was aware that it had some significant performance issues within its HR Service and, over the summer of 2014, it undertook an internal review of the service with the support of an external HR professional. In determining its schedule for services to undergo the internal Service Challenge Process, the Council prioritised the HR Service in view of the performance issues identified.
- 87 Following these reviews, HR has accepted and actioned feedback to create a clear Review Action Plan with an associated programme of work to drive improvement. The reviews have also led to HR creating a wide range of positive documents and processes such as the HR Charter, the HR Helpdesk, the Strategic Workforce Plan 2014-17, the new 1-2-1 and appraisal process, and the HR Review Action Plan itself. The HR Service was recently subject to an update Challenge Process, providing the Council with an opportunity to evaluate the progress being made by the service.
- 88 The HR service will be the subject of a restructure, but it is unclear at present what that new structure will look like. The Council requires a HR Service that will operate as a strategic business partner to assist in driving and embedding organisational change.
- 89 The Council, through the work of the Staff Forum, has created a set of core values and behaviours to help drive cultural change within the organisation. The key mechanism for communicating and embedding these core values and behaviours is the new 1-2-1 and appraisal process that HR has developed. It is unclear at present how far down the organisation this new process has reached and there are no reports currently being used to monitor 1-2-1 completion. HR is aware that there is a need to give managers the necessary skills and knowledge to manage people's individual performance and behaviours consistently and effectively, and is in the very early stages of developing plans to deliver the required training.

The Council's arrangements and use of technology and information are supporting improved services for citizens

- 90 The Council has a clear technology and information strategy, which links well to national drivers and the Council's own improvement agenda. The Council has a good track record of delivering IT projects, with sound project management and good documentation.
- 91 The Council also has a good approach to information management with appropriate security in place. The Council has been awarded the International Standards Organisation Information Security Standard 27001, against which it maintains continued accreditation. The Council is currently working towards achieving the revised 2013 version of the standard. The Council's Senior Information Risk Owner is kept well informed about information issues and continues, following training, to be able to make clear and objective decisions in relation to the risks posed to the Council's information asset.

- 92 The Council's revised customer service centre uses a range of technology and information that demonstrate its capability to good effect. Recognising the limitations of its current website, the Council is planning to review its web presence. This will include the introduction of a greater number of ways in which citizens can engage with it electronically. This will help drive down transaction costs.
- 93 The Council has a relatively small technology team to deliver its technology and information plans. However, the Council monitors service performance using a range of benchmarked measures which help it remain focused and maintain its delivery track record.

The Council's progress towards achieving its planned outcomes remains variable

94 This section of the report focuses on the performance of Council services. We provide an overview of performance in 2013-14 as well as a more detailed assessment of progress against a selection of the Council's improvement objectives. Where possible, these evaluations draw upon information that is more up to date than 2013-14 data. We also include a summary of the Performance Evaluation Report 2013-14, produced by the CSSIW, the findings of Estyn's most recent monitoring visit to the Council, and the Welsh Language Commissioner's assessment of progress in Merthyr Tydfil.

The Council is benefiting from the support of the Education Recovery Board. This is having a positive impact on driving improvement in some key education areas but the scale and pace of improvement of educational attainment remains a significant challenge

95 I have previously reported that the Minister for Education and Skills removed the Council's responsibility for education in February 2013 following the adverse findings of Estyn's inspection of education services for children and young people undertaken in November 2012. Subsequently, in June 2013, the Minister established a Recovery Board (the Board) with a role to ensure that all of the Council's education functions are performed to an adequate standard. These arrangements continue to be in operation.

96 In order to achieve improvements in its education services for children and young people, the Council produced an appropriately detailed post-inspection action plan which included clear incremental steps to achieve the improvement needed. This action plan was approved by elected members, the Chief Executive, and Corporate Directors, and agreed with the Recovery Board. All acknowledged the need for fundamental reforms to the authority's working practices in order to remove barriers to progress and improve planning and performance management.

97 We observed a meeting of the Recovery Board in the course of carrying out the Corporate Assessment in September 2014. Based upon our observations, we concur with the conclusion previously reported by Estyn that 'the Recovery Board holds the Council to account well by regularly identifying specific lines of enquiry, which it pursues rigorously, calling elected members and officers to account for their work and evidence of its impact. This is leading to sharper focussed working, clearer reporting, and accountability that is more transparent.'

98 However it is clear, not only from Estyn's follow up findings, but also from the Council's latest self-evaluation of progress against the Corporate Plan, that further work is needed to drive the pace of improvement in educational outcomes. At its meeting on 25 March 2015, Cabinet approved a report providing the Quarter 3 update on progress against delivery of the Corporate Plan. In relation to its priority of Raising Standards of Attainment, the Council's current overall evaluation of this outcome is unsatisfactory. This is because a significant proportion of the indicators are in the bottom quartile of all Welsh authorities. There has been a positive improvement trend in the attainment figures, however the improvements have

not yet been able to shift the authority out of the bottom quartile. For a number of indicators, the authority has closed the gap to the Wales median (significantly in some cases) but work needs to continue in order to realise the Council's ambition to be ranked within the top 10 local authorities in Wales by 2016.

- 99 Estyn reported the outcome of its monitoring visit in November 2014, and their findings are summarised in paragraphs 100-113 below.

The number of young people not in education, employment or training (NEET)

- 100 The percentage of young people in Year 11 who are NEET has reduced since the inspection in 2012, from 5.6 per cent in 2011, a slight increase to 6.2 per cent in 2012 and a reduction to 1.9 per cent in 2013. This has moved the authority from being amongst the worst in Wales to being amongst the best in Wales on this particular measure.
- 101 The NEETs strategy is monitored well at all levels within the local authority. For example, the scrutiny committee is able to provide robust challenge of the developments within the strategy.

Attendance and exclusion

- 102 The local authority has successfully engaged with consortia partners and schools to provide a clear strategic vision to improve both attendance and exclusions. This includes providing useful guidance to schools which outlines the local authority's expectations of them and the services that are available.
- 103 Many schools have appropriately adopted a new systematic approach to managing attendance. The local authority provides schools with monthly attendance statistics and head teachers meet regularly to discuss attendance related issues in their schools. Education welfare officers are routinely included in pastoral meetings at schools. They provide an analysis of school attendance performance data and report to governing bodies. The local authority is continuing to develop the use of attendance data with its challenge advisors and is beginning to evaluate the impact of the different activities that are undertaken in relation to improving attendance and reducing exclusions.
- 104 Attendance in primary schools has improved by one percentage point for the period 2011-2014. Unverified data suggests that for 2013-14 attendance has improved by a further 0.6 percentage points. The rate of improvement for the period 2011-2013 is higher than in Wales as a whole. Merthyr's ranking position improved also, from being the worst in Wales to 17th. It is not possible to comment on the rate of improvement or ranking position for 2013-14 as the Welsh Government data is not yet published.

- 105 Overall attendance in secondary schools has improved by half of a percentage point for the period 2011-2014. The authority recently identified that whilst its secondary schools were using an attendance code that indicated if pupils were educated off-site, this did not accurately reflect pupil absence. Correcting this has contributed to a fall in secondary school attendance by 0.4 percentage points to 92.9 per cent (2013-14). As a result the authority's ranking has fallen from 4th to 19th.
- 106 The number of pupils that are persistently absent from both primary and secondary schools has reduced considerably. However, at secondary level these remain too high at just under a quarter of all absences.
- 107 There has been a significant increase in the number of fixed-term exclusions at primary school level (2011-2013). Many of these are localised to a particular school and the authority has responded by providing appropriate support to the school.
- 108 Historically, Merthyr has had low numbers of permanent exclusion from schools and this continues to be the case. The use of fixed-term exclusion in secondary schools has reduced significantly. The rate of improvement in the two fixed-term exclusion measures is better than the progress in Wales as a whole. As a result, Merthyr's ranking has improved from 18th to 12th for both of these measures (2011-2013).
- 109 The overall number of days lost to exclusion in secondary schools has reduced but remains slightly higher than the Wales average. However, the rate of improvement is better than the Wales average.

Youth Support Services

- 110 The authority and its partners have revised their partnership arrangements and the overarching mechanisms for the management, co-ordination and reporting of youth support services matters.
- 111 A key part of these new arrangements is the youth support services steering group. The steering group has produced a comprehensive needs analysis which links directly into the LSB's overarching Single Integrated Plan. The steering group quickly identified gaps in the provision and found that young people had limited knowledge about what was available, and that the existing provision was underused. Also the research showed there was no Welsh-medium youth work provision available. In addition, access to mental health support services for young people was poor, and there was little or no take up by young people from Merthyr Tydfil of a substance misuse support service in the area. The steering group quickly took appropriate steps to put in place actions to address each of these.
- 112 Although addressing these gaps was appropriate, the steering group has not yet undertaken a thorough analysis of all the information it has in order to establish a strategic plan. Without this analysis, the steering group is still not able to use the information it has to better direct resources towards those young people in greatest need.

113 The steering group and the local authority officers regularly report to a variety of audiences on progress made towards achieving this recommendation. However, too often, progress reports repeat previous messages and do not clearly identify what has taken place since the last report. These reports are also too focused on measuring progress against defined actions, and there is too little on assessing whether these actions are making a difference to the lives of young people. This is because the local authority and its partners have not yet put in place agreed criteria to properly evaluate the impact of these services. Therefore there remains significant progress still to be made in order to fully achieve this recommendation.

In 2013-14 spend on social services (per head of population) in Merthyr Tydfil was the third highest in Wales, but the Council recognises that the financial challenges it faces and the consequences of the impending introduction of the Social Services and Wellbeing (Wales) Act 2014 will require changes at all levels

114 The CSSIW published its **Annual Review and Evaluation of Performance 2013-14** in October 2014 and this is available on its website: www.cssiw.org.uk. The CSSIW's findings are summarised in paragraphs 115-118 below.

115 The Council's spend on social services (per head of population) is the third highest in Wales, which confirms the priority that the Council gives to people who require support. In line with its objectives set out in the Single Integrated Plan (SIP) 2013 to 2017, the Council aims to provide choice and encourages citizens to have control over decisions that affect them. Since 2012 there has been a gradual decrease in the number of people over 65 receiving community and residential based services per 1,000 population. It is the long term intention of the Council to develop more preventative services, working with third sector partners to maximise access to investment from other funding streams.

116 The Director's annual report provides an accurate and frank account of the Council's performance. Whilst it celebrates the Council's achievements, it also openly acknowledges the difficult decisions faced by the Council in 2014-15, which includes having to cut some services which will impact on people in receipt of the services. It also acknowledges the continued financial challenges faced by the Council and the consequences of the impending introduction of the Social Services and Wellbeing (Wales) Act 2014, which it recognises will bring changes at all levels.

117 CSSIW recorded a number of achievements and cited, as specific examples of progress, that the Council has:

- a made significant progress in partnership with Rhondda Cynon Taf County Borough Council to reshape the first response assessment and care management service to enable better focus on short term interventions;
- b provided good quality in-house home care service, developed a new extra care facility at Ty Cwm, and opened two new care homes to accommodate older people with a different range of needs;

- c developed the Children in Need service to support families on a multi-agency basis;
 - d developed a Multi Intervention Assistance (MIA) website which will provide a range of information and guidance to families and professionals and has good systems in place for strategic partnership working including the Multi-Agency Prevention and Permanency Panel and the Multi-agency Placement Panel as well as having improved fostering services overall; and
 - e participated as a pioneer authority in the Welsh Government's When I am Ready scheme.
- 118 CSSIW also identified some areas for improvement and recommended that the Council should:
- a give further attention to developing specialist dementia services and improve performance in relation to reviews undertaken in adult services;
 - b work with health colleagues to improve access to CAMHS services so that therapeutic needs are met in a timely way;
 - c strengthen commissioning and contract monitoring approach in both children and adult services, and implement the recruitment and marketing strategy specifically in relation to foster carers who have the skills to effectively safeguard children and young people with complex needs and the most risky behaviours; and
 - d continue its focus on delivering outcomes in both children and adult services.
- 119 At its meeting on 25 March 2015, Cabinet approved a report providing an update on progress against delivery of the Corporate Plan. In relation to its priority of Promoting Independence, the Council's current evaluation of this outcome is good. This is because the Council has identified that the majority of indicators are projected to be above the Wales median. It has also identified an initial indication of improvement to the adult population who can live independently and a relatively stable proportion that require residential care support.
- 120 However, the report also identifies that assessments of carers of adults have significantly declined during 2014/15. Carer assessments and support are an important element of the Social Services and Well Being Act, and the Council is working to establish the reasons for carers declining an assessment.

The Council has not met the national targets for recycling, but following the award of a Welsh Government grant it is piloting an alternative method of waste collection

- 121 The Council has not been successful in achieving the national target of 52 per cent for waste reused, recycled and composted. The Council was placed last in Wales achieving only 47.3 per cent for this measure. The Council's performance was poor for all waste related measures. Continued poor performance and failure to meet the national targets for waste could result in the Council having financial penalties charged.
- 122 The Council is concerned that public participation in reusing, recycling and composting is lower than it could be. Waste and Recycling Wardens have been working across the County to raise awareness and encourage recycling as much as possible.
- 123 The Council has been awarded a Welsh Government Grant to pilot a change from kerbside collections of mixed recycled waste to a separated model where the householder separates the waste into different categories. This separated waste is then collected by adapted lorries with separate compartments for the different waste types. Once the results of the pilot study are known, the Council will decide how best to move forward.

The Council is currently delivering environmental health services at above minimum levels but the current period of financial austerity presents a challenge for it to take on new statutory duties that protect the public and the environment

- 124 Between November 2013 and April 2014 we completed a review in all councils looking at how they are managing to deliver with less. The review considered the impact of cuts in resources on the ability of council environmental health services to deliver their statutory obligations.
- 125 The national report, published in October 2014 contained five recommendations relevant to all Welsh Councils and these are set out in [Appendix 6](#).
- 126 Environmental health services cover the assessment, control and prevention of factors in the environment that can adversely affect human health. They cover a range of issues that are of particular public concern, such as food safety, pest control, dog fouling, and noise pollution. Council responsibilities include: assessing the quality of the homes where people live; assessing the safety of places where people work; checking the hygiene of places where people eat and where food is produced; reducing the causes and effects of air pollution; dealing with problems arising from noise and anti-social behaviour; and pest and dog control.
- 127 The Council is delivering environmental health services at above minimum levels and, whilst it has increased expenditure and marginally reduced staff numbers, stakeholders have a mixed view of the management and performance of the service. The Council will find it difficult to take on new statutory duties that protect the public and the environment.

128 In particular:

- a spending is not being protected during the current period of financial austerity, which is making it more difficult to deliver national strategic priorities;
- b the Council is delivering most of its environmental health services at above minimum levels, as judged against the Best Practice Standards;
- c since 2011-12 the Council has increased its overall environmental health budget, although staff numbers have marginally fallen;
- d staff survey respondents have mixed views about the current standard of environmental health services and there is a low awareness of current performance or future plans amongst citizens; and
- e new environmental health statutory duties are being introduced, which the Council will find it difficult to deliver.

Whilst overall performance against the national indicators improved, the Council fell short of meeting its targets and is reporting mixed progress towards achieving its improvement objectives

- 129 The Council set an ambition of improving the quartile position of the majority of its national strategic indicators, with a particular emphasis on lowering the number of indicators where its performance is lower than the Welsh average. The Council improved its performance for 17 of the 30 national strategic indicators, whilst declining in nine. Overall, the Council has reduced the number of its national strategic indicators that were below the Welsh average from 18 to 14, increasing the number above the Welsh average from 12 to 16. No particular service is responsible for these changes as all areas have improving and declining performance indicators.
- 130 Each year the Welsh Government undertakes a national survey to obtain the views of the people of Wales on a range of issues including health, education and local services. In the 2013-14 survey, 53 per cent of respondents agreed that the Council provided high quality services. This was lower than the Welsh average and ranked the Council 16th among the 22 unitary authorities in Wales. The same survey showed that only 36 per cent of residents also think that the Council is good at letting them know how it is performing.
- 131 The Council's new SIF noted above provides a broader set of measures and better analysis of information, enabling the Council to set smarter performance windows in lieu of targets, and to project future performance taking into account historical and comparative performance information. This evidence base, once embedded, will provide the context in which the Council can better plan and monitor its performance.

- 132 At its meeting on 25 March 2015, Cabinet approved a report providing the update of progress made in delivering on the priority areas identified in the Corporate Plan. In summary, the Council's current evaluation of progress in relation to its seven priority areas is as follows:
- a Good: Employability, and Promoting Independence
 - b Adequate: Active Lifestyles, Sustainable Environment and Meeting the Needs of Vulnerable Children
 - c Unsatisfactory: Raising Standards of Attainment and Economic Development

The Council has taken positive steps to adopt a Welsh Language Statement and develop a new action plan to improve compliance with the Welsh Language Scheme

- 133 The Welsh Language Commissioner has told us that the Council implemented all remaining recommendations of a statutory investigation conducted in 2012/13 into the implementation of the Welsh language scheme by establishing an internal committee to oversee the implementation of the scheme, and by adopting a Welsh language skills strategy. Implementing the strategy should now be a Council priority.
- 134 The Council has also adopted a Welsh Language Statement and a new action plan to improve compliance with the Welsh Language Scheme. Welsh content continues to be added to the website, with procedures in place to ensure that each new web page is published bilingually.
- 135 A relatively small number of staff attend structured Welsh language lessons. There was an increase in the number that received language awareness training, due to the introduction of an e-learning module developed jointly by the Council and three other Welsh councils.

The Council's track record and its capacity and capability may mitigate the effectiveness of its arrangements to secure continuous improvement for 2015-16

- 136 In this final section of the report, the Auditor General gives his opinion on the likelihood that the Council will make arrangements to secure continuous improvement in the year ahead, in accordance with the requirements of the Measure.
- 137 Based on the findings set out in this report and in particular evidence that:
- a the Council's progress towards achieving its planned outcomes remains variable;
 - b the Council continues to deal with significant service and financial challenges with the benefit of external support;
 - c the Council has taken significant strides forward in its use of resources, but needs to ensure it has sufficient capacity and capability to meet the challenges ahead; and
 - d the Auditor General concludes that the Council's track record and its capacity and capability may mitigate the effectiveness of its arrangements to secure continuous improvement for 2015-16.
- 138 In reaching this conclusion, the Auditor General has specifically considered the positive potential of the Council's cultural change programme and developing SIF.
- 139 We would like to thank the Council's staff and elected members for their assistance during our Corporate Assessment.

Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by staff of the Wales Audit Office and Pricewaterhouse Coopers 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 Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2 – Audit of Merthyr Tydfil County Borough Council’s 2014 15 Improvement Plan

Certificate

I certify that I have audited Merthyr Tydfil County Borough Council’s (the Council) Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

I make no recommendations under the Local Government (Wales) Measure 2009

Huw Vaughan Thomas
Auditor General for Wales

CC: Lesley Griffiths, Minister for Local Government and Government Business
Colin Davies, Manager
Justine Morgan, Performance Audit Lead

Appendix 3 – Audit of Merthyr Tydfil County Borough Council’s assessment of 2013-14 performance

Certificate

I certify that I have audited Merthyr Tydfil County Borough Council’s (the Council) assessment of its performance in 2013-14 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Merthyr Tydfil County Borough Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

I make no recommendations under the Local Government (Wales) Measure 2009

Huw Vaughan Thomas
Auditor General For Wales

CC: Leighton Andrews, Minister for Public Services
Colin Davies, Manager
Justine Morgan, Performance Audit Lead

Appendix 4 – Annual Audit letter – Merthyr Tydfil County Borough Council 2013-14

Councillor Brendan Toomey
Leader
Merthyr Tydfil County Borough Council
Council Offices
Castle Street, Merthyr Tydfil,
CF47 8AN

Dear Brendan,

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 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 26th September 2014, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on 22nd September 2014, and a more detailed controls report will follow in due course.

I issued a certificate confirming that the audit of the accounts has been completed on 26th September 2014. I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report. I would like to highlight the following specific areas in this letter:

- The financial outlook for the Council remains challenging, and the Council is undertaking a comprehensive review exercise to identify efficiency savings to bridge the funding gap identified by its medium term planning process.
- The Council has put in place new measures during the year to assist with this process, including the creation of a Transformation Board and a Budget Board, the aim of which is to challenge managers to identify more efficient ways of working and hold them accountable for achieving proposed savings.
- The Welsh Government has conducted a review of the financial position of the Council; the advisors are currently visiting the Council to follow up on the recommendations raised as a result of this review.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2014-15 accounts or key financial systems.

My annual grant report for 2012-13 confirmed that 30 grant claims were certified by PwC. Of those 15 were unqualified without amendment, five were unqualified with some amendment to the final figures, six required a qualification with no amendment and the remaining four were qualified and required some amendment to the final figures.

A detailed report on my grant certification work for 2013-14 will follow in March 2015 once this year's programme of certification work is complete.

The financial audit fee for 2013-14 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

Kevin Williams (PwC)

For and on behalf of the Appointed Auditor

Anthony Barrett

Appointed Auditor

Appendix 5 – Senior Manager Survey

An indication of the progress that the Council is making on its cultural development journey can be seen in the WAO survey of senior managers at Merthyr Tydfil CBC which was undertaken as part of our Full Corporate Assessment. Eighty three responses out of a maximum of 103 were received which represents an 81 per cent response rate; broken down to six out of eight (75 per cent) from the Corporate Management Team (CMT) and 77 out of 95 (81 per cent) managers below CMT.

In terms of clarity about the Council's outcomes and what it is trying to achieve, the story is a positive one:

- 92.8 per cent of respondents answered positively to the statement "I am clear about the outcomes that the Council is trying to achieve" (63.9 per cent 'Agree' and 28.9 per cent 'Strongly Agree').
- 85.6 per cent of respondents either 'Agree' (69.9 per cent) or 'Strongly Agree' (15.7 per cent) with the statement that "Achieving desired outcomes is well integrated into service planning".
- 74.7 per cent of respondents chose 'Agree' (57.8 per cent) or 'Strongly Agree' (16.9 per cent) with the statement that "There are clear roles and responsibilities for the Chief Executive".
- 97.6 per cent of respondents are "Clear on their roles and responsibilities within the Council" (50.6 per cent 'Agree' and 47.0 per cent 'Strongly Agree').

However, the story regarding the Council's appraisal system is less positive:

- Forty seven per cent of respondents either 'Strongly Agree' (1.2 per cent) or 'Agree' (45.8 per cent) with the statement "The Council's formal appraisal systems ensures that senior managers have the appropriate skill for their job" with 38.5 per cent disagreeing (31.3 per cent 'Disagree' and 7.2 per cent 'Strongly Disagree'). 14.5 per cent of people were in the 'Don't Know' category.
- Interestingly, there is a clear difference of opinion between the CMT (where 100.0 per cent of respondents fell into the 'Agree' category) and the managers below CMT. 42.9 per cent of managers below CMT agreed (1.3 per cent 'Strongly Agree' and 41.6 per cent 'Agree') while 41.6 per cent disagreed (33.8 per cent 'Disagree' and 7.8 per cent 'Strongly Disagree'). 15.6 per cent of managers below CMT were in the 'Don't Know' category. This difference between CMT and managers below CMT may reflect the fact that the new 1-2-1 and appraisal process has not been cascaded throughout the organisation or has not received sufficient training yet. This view is supported by a number of subjective comments that were collected as part of the survey process:
 - "Although we are not quite there yet with regards to using appraisals systems to ensure skills and clarity of priorities, a new system has been introduced which is a significant improvement from the previous one."

- “Appraisals are being carried out but no training has been provided to the managers carrying out the appraisals.”
- “The formal appraisal system is in its infancy and leadership development is being considered. It will therefore be a while before both achieve the desired outcomes.”
- 70.7 per cent of respondents either ‘Agree’ (64.6 per cent) or ‘Strongly Agree’ with the statement “I use the formal appraisal system to ensure that my team are appropriately skilled” with 26.8 per cent disagreeing (‘Disagree’ 25.6 per cent and ‘Strongly Disagree’ 1.2 per cent) with 2.4 per cent in the ‘don’t Know’ category.
- Again, there is a split between CMT and those managers below CMT. 100.0 per cent of the CMT responses fall into the ‘Agree’ category. 68.4 per cent of managers below CMT agreed (61.8 per cent ‘Agree’ and 6.6 per cent ‘Strongly Agree’) with 28.9 per cent disagreeing (27.6 per cent ‘Disagree’ and 1.3 per cent ‘Strongly Disagree’).

Appendix 6 – National report recommendations 2014-15

Date of report	Title of review	Recommendation
May 2014	Good Scrutiny? Good Question!	R1 Clarify the role of executive members and senior officers in contributing to scrutiny.
		R2 Ensure that scrutiny members, and specifically scrutiny chairs, receive training and support to fully equip them with the skills required to undertake effective scrutiny.
		R3 Further develop scrutiny forward work programming to: <ul style="list-style-type: none"> • provide a clear rationale for topic selection; • be more outcome focused; • ensure that the method of scrutiny is best suited to the topic area and the outcome desired; and • align scrutiny programmes with the Council's performance management, self-evaluation and improvement arrangements.
		R4 Ensure that scrutiny draws effectively on the work of audit, inspection and regulation and that its activities are complementary with the work of external review bodies.
		R6 Ensure that the impact of scrutiny is properly evaluated and acted upon to improve the function's effectiveness; including following up on proposed actions and examining outcomes.
		R7 Undertake regular self-evaluation of scrutiny utilising the 'outcomes and characteristics of effective local government overview and scrutiny' developed by the Wales Scrutiny Officers' Network.
		R8 Implement scrutiny improvement action plans developed from the Wales Audit Office improvement study.
		R9 Adopt Participation Cymru's 10 Principles for Public Engagement in improving the way scrutiny engages with the public and stakeholders.

Date of report	Title of review	Recommendation
July 2014	Young people not in education, employment or training - Findings from a review of councils in Wales	R1 Together with partners, map and review expenditure on NEETs services to better understand the resources required to deliver the Framework.
		R2 Clarify their strategic approach to reducing the proportion of 19 to 24 year olds who are NEET as well as their approach for 16 to 18 year olds.
		R3 Focus on young people with significant or multiple barriers to engaging with education, employment or training rather than those who are more likely to re-engage without significant additional support.
		R4 Develop their objectives and targets for reducing the number of young people NEET so that they can be held to account and their work aligns with the Welsh Government's targets and objectives.
		R5 Ensure that elected members and partners fully understand that councils have a clear responsibility for leading and co-ordinating youth services for 16 to 24 year olds.
		R6 Improve the evaluation of the effectiveness and relative value for money of the services and interventions in their area that are intended to reduce the proportion of young people who are NEET.

Date of report	Title of review	Recommendation
October 2014	<p>Delivering with less – the impact on environmental health services and citizens</p>	<p>R1 Revise the best practice standards to:</p> <ul style="list-style-type: none"> • align the work of environmental health with national strategic priorities; • identify the wider contribution of environmental health in delivering strategic priorities of the Welsh Government; and • identify the benefit and impact of environmental health services on protecting citizens. <p>R2 Provide scrutiny chairs and members with the necessary skills and support to effectively scrutinise and challenge service performance, savings plans and the impact of budget reductions.</p> <p>R3 Improve engagement with local residents over planned budget cuts and changes in services by:</p> <ul style="list-style-type: none"> • consulting with residents on planned changes in services and using the findings to shape decisions; • outlining which services are to be cut and how these cuts will impact on residents; and • setting out plans for increasing charges or changing standards of service. <p>R4 Improve efficiency and value for money by:</p> <ul style="list-style-type: none"> • Identifying the statutory and non-statutory duties of council environmental health services. • Agreeing environmental health priorities for the future and the role of councils in delivering these. • Determining an ‘acceptable standard of performance’ for environmental health services (upper and lower) and publicise these to citizens. • Improving efficiency and maintaining performance to the agreed level through: <ul style="list-style-type: none"> – collaborating and/or integrating with others to reduce cost and/or improve quality; – outsourcing where services can be delivered more cost effectively to agreed standards; – introducing and/or increasing charges and focusing on income-generation activity; – using grants strategically to maximise impact and return; and – reducing activities to focus on core statutory and strategic priorities. <p>R5 Improve strategic planning by:</p> <ul style="list-style-type: none"> • identifying, collecting and analysing financial, performance and demand/need data on environmental health services; • analysing collected data to inform and understand the relationship between ‘cost: benefit: impact’ and use this intelligence to underpin decisions on the future of council environmental health services; and • agree how digital information can be used to plan and develop environmental health services in the future.

Date of report	Title of review	Recommendation
January 2015	Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales	<p>R1 Improve strategic planning and better co-ordinate activity to tackle the impact of welfare reform on social-housing tenants by ensuring comprehensive action plans are in place that cover the work of all relevant council departments, housing associations and the work of external stakeholders.</p>
		<p>R2 Improve governance and accountability for welfare reform by:</p> <ul style="list-style-type: none"> • appointing member and officer leads to take responsibility for strategic leadership on welfare reform and be accountable for performance; and • ensuring members receive adequate training and regular briefings on welfare reform to be able to challenge and scrutinise performance and decisions.
		<p>R3 Ensure effective management of performance on welfare reform by:</p> <ul style="list-style-type: none"> • setting appropriate measures to enable members, officers and the public to judge progress in delivering actions; • ensuring performance information covers the work of all relevant agencies and especially housing associations; and • establishing measures to judge the wider impact of welfare reform.
		<p>R4 Strengthen how welfare-reform risks are managed by creating a single corporate-level approach that co ordinates activity across the Council and the work of others to provide adequate assurance that all the necessary and appropriate actions to mitigate risk are taking place.</p>
		<p>R5 Improve engagement with tenants affected by the removal of the spare-room subsidy through:</p> <ul style="list-style-type: none"> • the provision of regular advice and information on the options open to them to address the financial impact of the change in their circumstances; • the promotion of the ‘Your benefits are changing’ helpline; and • the provision of support to tenants specifically affected by the removal of the spare-room subsidy to participate in regional/national employment schemes.

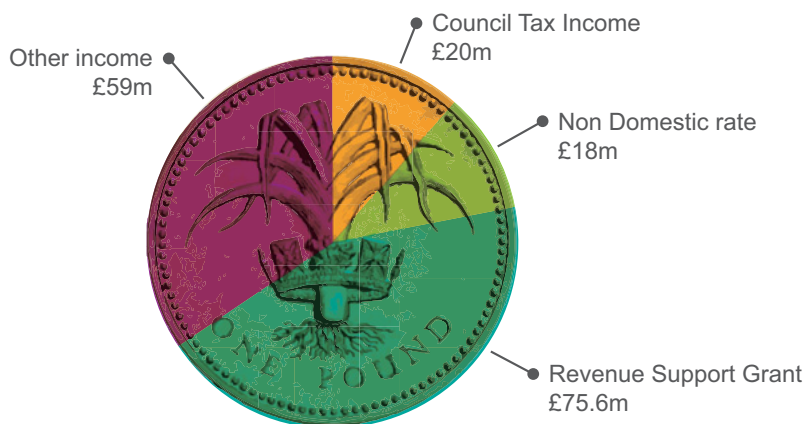
Date of report	Title of review	Recommendation
January 2015	<p>Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales</p>	<p>R6 Improve management, access to and use of Discretionary Housing Payments by:</p> <ul style="list-style-type: none"> • establishing a clear policy or guide that is available in hard copy and online to the public that sets out the Council's policy and arrangements for administering Discretionary Housing Payments; • clearly defining eligible and non-eligible housing costs covered by Discretionary Housing Payments in application forms, policy documentation and applicant guidance leaflets; • clearly setting out the maximum/minimum length of time that such payments will be provided; • setting and publishing the timescale for the Council making a decision on Discretionary Housing Payments applications; • including information within public literature on the Council's policy for right to review or appeal of a decision and the timescales and process to be followed in deciding on these; and • clearly define the priority groups for Discretionary Housing Payments in public literature to ensure that those seeking assistance, and those agencies supporting them, can assess whether such payments are a viable option to address their housing and financial needs.

Appendix 7 – Merthyr Tydfil Council’s and Local Service Board’s joint vision and strategic priorities

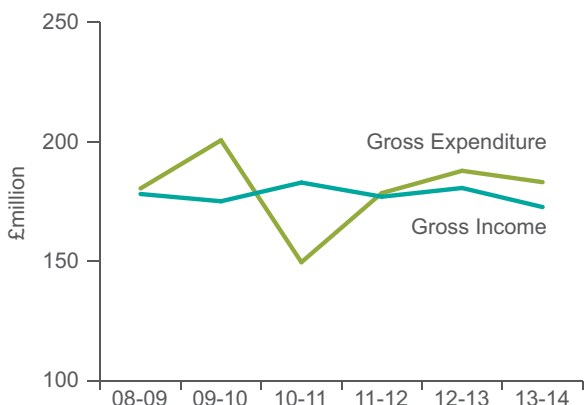
OUR SHARED VISION FOR MERTHYR TYDFIL		
"LETS PUT MERTHYR TYDFIL IN THE BEST POSITION FOR THE FUTURE"		
VISION		
<p>To strengthen Merthyr Tydfil's position as the regional centre for the Heads of the Valleys, and be a place to be proud of where: People learn and develop skills to fulfil their ambitions, People live, work, have a safe, healthy and fulfilled life, People visit, enjoy and return</p>		
PRIORITY OUTCOMES		
<p>People in Merthyr Tydfil have the opportunity and aspiration to learn and develop their skills to maximise their potential.</p>	<p>People in Merthyr Tydfil benefit from a strong, sustainable and diverse economy.</p>	<p>People who live and work in Merthyr Tydfil are supported to enjoy and healthier and better quality of life.</p>
		<p>People enjoy a vibrant, attractive, safe and sustainable environment in which to live, work, play and visit.</p>
<p>Underpinning Priority: Learning for Life</p>		
POLITICAL PERSPECTIVE*	SINGLE INTEGRATED PLAN**	CORPORATE PLAN***
<p>Learning for life. To improve educational attainment and break the culture of dependency and the cycle of poverty to allow Merthyr Tydfil to grow and prosper</p>	<p>Attainment & Skills Employability Participation</p>	<p>Raising Standards of Attainment Employability</p>
<p>Social and Economic Regeneration. By creating jobs and encouraging new employers to come to Merthyr Tydfil, whilst retaining existing jobs and helping current employers.</p>	<p>Business Development and Economic Development</p>	<p>Economic Development</p>
<p>Social Care (Adults and Children). Providing services for vulnerable people is a key function of the local authority. The local authority has public accountability and should be the focus for the provision of these services.</p>	<p>Healthy Lifestyles – Smoking, Healthy Lifestyles – Obesity and Physical Activity, Healthy Lifestyles – Sexual Health Mental Health & Emotional Wellbeing, Promoting Independence, Meeting the Needs of Vulnerable Children</p>	<p>Active Lifestyles Promoting Independence Meeting the needs of Vulnerable Children</p>
<p>Social and Economic Regeneration. Providing a fit for purpose and sustainable physical environment. Merthyr must be a vibrant and attractive place with first class infrastructure in order to attract people.</p>	<p>Safer Communities, Domestic Abuse & Sexual Violence Substance Misuse, Offender Management, Community Cohesion, Housing Safeguarding Vulnerable People</p>	<p>Sustainable Environment</p>

Appendix 8 – Useful information about Merthyr Tydfil County Borough Council’s resources

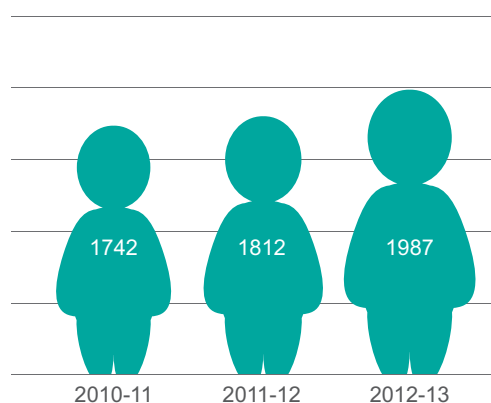
Total Gross Income 2013-14



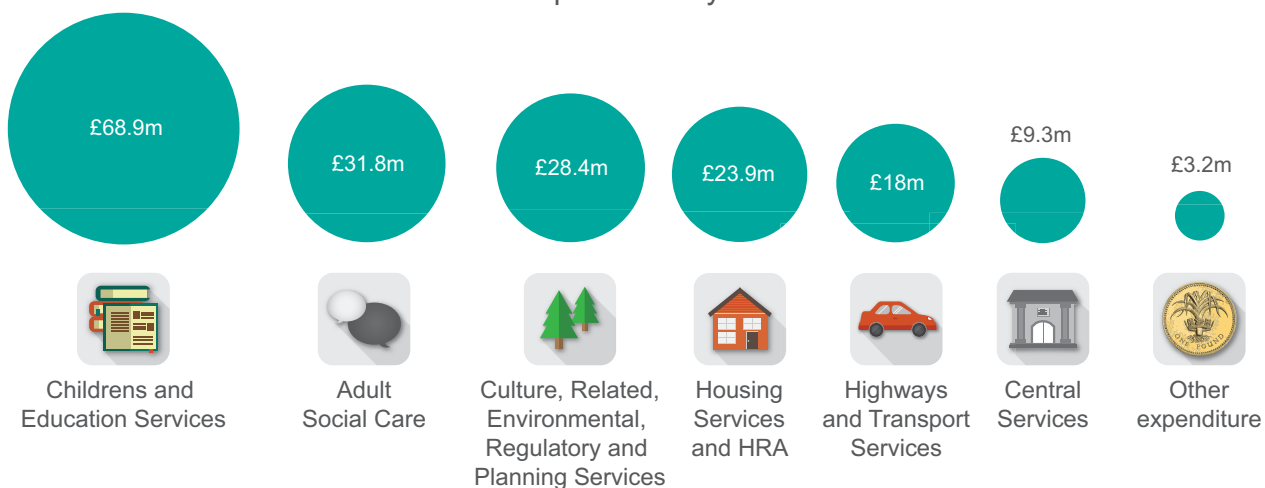
Total Income and Expenditure



Number of whole time equivalent staff 2010-11 to 2012-13



Total Gross Expenditure by service area



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