



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report 2015-16

## Torfaen County Borough Council

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

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The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

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

## About this report

- 1 This Annual Improvement Report (AIR) summarises the audit work undertaken at Torfaen County Borough Council (the Council) since the last such report was published in September 2015. This report also includes a summary of the key findings from reports issued by 'relevant regulators', namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner (the Commissioner). Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 2 Taking into consideration the work carried out during 2015-16, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2016-17.
- 3 This statement should not be seen as a definitive diagnosis 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 currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 4 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](mailto:info@audit.wales) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

## 2015-16 performance audit work

- 5 The work carried out since the last AIR, including that of the 'relevant regulators', is set out below:

Project name	Brief description
Wales Audit Office: Annual 'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives in line with the requirements of the Measure.
Wales Audit Office: Annual 'Assessment of Performance' Audit	Review of the Council's published performance assessment in line with the requirements of the Measure.
Wales Audit Office: Financial Resilience Assessment	Review of the Council's financial position and how it is budgeting and delivering on required savings.
Wales Audit Office: Corporate Assessment	A review of the extent to which the Council's arrangements are contributing to delivering improved service performance and outcomes for citizens.
Wales Audit Office: Gwent Frailty Programme	A review of the Gwent Frailty Programme to assess whether the Programme had delivered improvements in line with individual organisations' expectations.
Estyn: Final monitoring visit	An assessment of the Council's progress against recommendations made following an inspection of the Council's Education service in 2011 and a subsequent monitoring visit in February 2013.
Estyn: Evaluation of schools performance	A review of performance across a range of areas within schools in the Council.
CSSIW: Annual Review and Evaluation of Performance	An evaluation of the Council's performance in delivering its social services functions.
CSSIW: National inspection of care and support for people with learning disabilities	A national inspection to assess the success of councils' social services in achieving the outcomes that matter to people, by assessing the efficiency, quality and safety of the care and support provided for adults with learning disabilities.
Welsh Language Commissioner	The Welsh Language Commissioner's response to the Council's 2014-15 Annual Monitoring Report.

Project name	Brief description
Wales Audit Office: Local Government National reports	<ul style="list-style-type: none"> <li>• Community Safety Partnerships (published 18 October 2016)</li> <li>• Income generation and charging (published 10 November 2016)</li> <li>• Council funding of third-sector services (to be published)</li> <li>• The financial resilience of councils in Wales (published April 2015)</li> <li>• Achieving improvement in support to schools through regional education consortia – an early review (published June 2015)</li> <li>• Review of Corporate Safeguarding arrangements in Welsh Councils (published July 2015)</li> <li>• Supporting the Independence of Older people: Are Councils Doing Enough? (published October 2015)</li> <li>• Delivering Less – Leisure Services (published December 2015)</li> </ul>

**Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Measure during 2016-17**

- 6 The Auditor General has reached this conclusion because:
- a the Council complied with its improvement planning and reporting duties under the Measure;
  - b our Corporate Assessment report, published in September 2016, concluded that the Council had a clear strategic vision driven by open and inclusive leadership, and was actively developing its corporate arrangements to deliver improved outcomes;
  - c Estyn concluded that the Council had made sufficient progress in relation to its recommendations and that it no longer required special measures;
  - d CSSIW reported that the Council continued to work towards a change agenda and the development of new models of service delivery in line with the expectations of the Social Services and Wellbeing (Wales) Act 2014 (SSWB Act) within the context of significant financial challenge as well as increasing demand;

- e CSSIW concluded that there were significant examples of good and excellent support which improved outcomes for most people with learning disabilities;
- f the Council had sound financial control arrangements and had continued to strengthen its financial planning and governance since 2014-15; and
- g the Gwent Frailty Programme had demonstrated positive regional cross-sector partnership working to tackle growing community-based needs, but it had not evidenced tangible improved outcomes, which would be important as partners determine the future of the programme

## Recommendations

- 7 Given the wide range of services provided by the Council and the challenges it is facing, 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 intervene in some way.
- 8 The Auditor General has not made any formal recommendations for improvement in the work undertaken and finalised at the Council during 2015-16.
- 9 Areas for Improvement (AFIs) and recommendations made by CSSIW, during the course of the year are set out below.

## CSSIW – Annual Review and Evaluation of Performance 2014-15

### AFI1

- The rate of delayed transfers of care;
- Progress work to integrate mental health and learning disabilities Services;
- Support to voluntary sector in building community resources;
- Ensure carers have sufficient access to information, advice and support; and
- Increasing choice and control through the use of direct payments.

### AFI2

- Completion of statutory visits in accordance with regulations;
- Review the level of referrals in children's services that did not proceed to initial assessment; and
- The future of the Integrated Family Support Service.

### AFI3

- Ongoing demand on budgets particularly in children's services to ensure children are safeguarded;
- Impact on those who require lower level support due to budget cuts;
- Responsibility for social services and wellbeing needs to be viewed as a whole Council priority and corporate responsibility; and
- Management information and recording and accuracy of data.

## CSSIW – National inspection of care and support for people with learning disabilities

R1 The Council should continue to engage with people and carers to involve them in planning the shape of future service models, using individual advocacy where required. Where change has occurred, the impact on those affected needs to be monitored and evaluated.

R2 The Council should continue to support the third sector to strengthen its contribution to learning disability services and build on the development of preventative and universal services.

R3 The Council needs to consider with its partners the findings of the review of the Gwent Learning Disability Strategy.

R4 The Council should ensure that there is robust quality assurance in place at all levels within the learning disability service with regular performance reporting.

R5 The Council should consider maximising corporate support for people with a learning disability by acting as an exemplar employer providing work opportunities and apprenticeships.

# Detailed report



# Corporate Assessment

**Torfaen County Borough Council had a clear strategic vision driven by open and inclusive leadership, and was actively developing its corporate arrangements to deliver improved outcomes**

- 10 In September 2016, we published our Corporate Assessment report which concluded that Torfaen County Borough Council has a clear strategic vision driven by open and inclusive leadership, and is actively developing its corporate arrangements to deliver improved outcomes.
- 11 We reached this conclusion because:
- a The Council was demonstrating open and inclusive leadership and a learning culture in developing its new corporate strategy.
  - b The Council had generally effective and transparent governance arrangements, and was actively working to further improve them.
  - c The Council's approach to financial planning and use of technology was positively supporting improvement, however, its arrangements for managing its workforce, assets and information resources required further development to support its corporate priorities:
    - the Council had continued to strengthen its financial planning arrangements;
    - the Council's workforce plan provided a framework for it to manage and utilise its employees, but lacked sufficient detail to be fully effective;
    - the Council had updated its strategic asset management plan, but was constrained by underdeveloped performance management arrangements and fragmented asset data systems;
    - the Council was making good use of digital technology with a clear commissioning strategy for IT which delivers effective services from the Shared Resource Service (SRS); and
    - the Council was in the process of updating and improving its information management and governance arrangements which were out of date.
  - d The Council was working well with its strategic partners, but some performance management arrangements were not well-enough developed to demonstrate improved outcomes across all partnerships.
  - e The Council was demonstrating improvements in the majority of its key services and improvement planning, and was continuing to strengthen and embed its performance management arrangements.

- 12 Our Corporate Assessment report made eight proposals for improvement, relating to the following areas:
  - a Vision and strategic direction
  - b Governance
  - c Use of Resources – People
  - d Use of Resources – Assets
  - e Use of Resources – Information Governance
  - f Working in partnership
  - g Risk Management
- 13 The full **Corporate Assessment report** can be obtained from the Wales Audit Office website.
- 14 During 2016-17, we will continue to monitor the Council's arrangements for addressing our proposals for improvement contained in the Corporate Assessment report.

# Performance

## Audit of Torfaen County Borough Council's 2016-17 Improvement Plan

- 15 On 29 April 2016 we issued a certificate confirming that the Council had discharged its duties under section 15(6) to (9) of the Local Government Measure and had acted in accordance with Welsh Government guidance sufficiently to discharge its duties. Our certificate is contained in [Appendix 2](#).

## Certificate of compliance for the Audit of Torfaen County Borough Council's assessment of 2014-15 performance

- 16 On 13 November 2015, we issued a certificate of Compliance for the Audit of the Council's assessment of 2014-15 performance. The certificate confirmed that the Council had discharged its duties under sections 15(2), (3), (8) and (9) of the Measure. Our certificate is contained in [Appendix 3](#).

## Estyn reported that the Council had made sufficient progress in relation to its recommendations and that it no longer required special measures

- 17 Following Estyn's inspection of Torfaen's education services for children and young people in October 2011, the Council was identified as requiring significant improvement. In February 2013, Estyn monitored the Council's progress against the recommendations arising from the inspection in 2011 and judged that the Council had made insufficient progress. As a result, the Council was identified as requiring special measures.
- 18 Estyn agreed a monitoring plan with the Council, and undertook monitoring visits in May 2014, October 2014 and its final monitoring visit in November 2015.
- 19 In January 2016, Estyn published the **outcome** of the November 2015 final monitoring visit on its website, and reported that the Council had made sufficient progress against the recommendations from its inspection in 2011 and monitoring visit in 2013. Estyn reported that the Council no longer required special measures and removed it from further follow-up activity.

## Estyn's evaluation of school performance

- 20 The proportion of pupils eligible for free school meals in Torfaen was the same as the Wales average. This was taken into account when evaluating the performance in the Council. In the Foundation Phase and at key stages 2 and 3, outcomes based on teacher assessments had declined noticeably in 2015. This was predominantly as a result of the Council's drive to improve the accuracy of teacher assessment in schools over the last year. However, despite the recalibration of teacher assessment, pupils' standards of literacy and numeracy remained weak when compared to levels in similar councils.
- 21 Since 2013, the Council has consistently improved outcomes for its pupils at key stage 4. The rate of improvement in Torfaen had been faster than the rate of improvement across Wales in most of the main headline indicators, although this had been from a low base. In 2015, overall performance for the level 2 threshold including English or Welsh and mathematics was just below the Welsh Government's benchmark for performance for the Council. This was a marked improvement over recent time. Performance in the average capped points score remained much lower than expected compared to levels in similar councils in Wales. The proportion of pupils who achieved five GCSE grades at A or A\* was lower than the national average.
- 22 The performance of pupils eligible for free school meals had improved well at key stage 4 since 2012. In 2015, performance by this group of pupils in the level 2 threshold including English or Welsh and mathematics was higher than the average for these pupils in Wales.
- 23 School attendance had broadly improved since 2011. In 2015, attendance was just below the Welsh average. The proportion of Year 11 leavers who were NEET (not in education, employment or training) had reduced notably over the past four years, and was lower than the Wales average.

## CSSIW reported that the Council had continued to work towards a change agenda and the development of new models of service delivery in line with the expectations of the Social Services and Wellbeing (Wales) Act 2014 within the context of significant financial challenge as well as increasing demand

- 24 CSSIW published its [Annual Review and Evaluation of Performance 2014-15](#) in October 2015.
- 25 CSSIW reported that the Council had continued to work towards a change agenda and the development of new models of service delivery in line with the expectations of the Social Services and Wellbeing (Wales) Act 2014 (SSWB Act). This was within the context of significant financial challenge as well as increasing demand. There was a clear understanding of the challenges ahead which included the target of saving £45 million across the whole Council in the next three years. There was also the challenge of managing increasing demand whilst ensuring existing services were provided in a way that ensured better outcomes for people. The eligibility threshold was raised to critical or substantial so that resources were directed to only the most vulnerable and in need. The Council was beginning to refocus ways of working to identify and support strengths rather than focusing solely on deficits, building individual resilience and that of the local community.
- 26 In adult services, performance had deteriorated in relation to delayed transfers of care and reviews of care plans. While fewer people were eligible for Council services, those that did receive support had more complex needs which increased demand and pressure on resources because of the increased numbers of reviews undertaken due to changing need. The need to build community resilience and resources that could support people earlier was recognised and whilst this work was being taken forward, the pace of change needed to increase.
- 27 The Council had plans to test out an outcomes framework with service users to measure the impact that a care package had on improving their quality of life. The challenge for the Council was how to ensure that these positive service developments grew and prospered in the future, given the financial climate it faces.
- 28 In children's services, performance in relation to initial assessments and statutory visits for looked after children was weaker than other comparable councils and the Wales average. In contrast to this, there had been improved performance in initial child protection conferences and looked after children (LAC) reviews. High numbers of children who were looked after and on the child protection register had placed significant pressures on resources, resulting in an overspend in children's services at the year-end. This highlighted the importance of a successful prevention and early intervention strategy that ensured early support for children and families, thereby reducing demand for more intensive services. The strategy had been developed during 2014-15 with governance arrangements in place to take this forward.

- 29 The Council collaborated well with partners to deliver better outcomes in the most efficient and effective ways. In adult services, partnership arrangements were well established with Aneurin Bevan University Health Board (ABUHB) delivering frailty services. Work with the third sector was also developing further via the Torfaen Voluntary Alliance, although this would need to progress further and be strengthened in order to meet the requirements of the SSWB Act. The South East Wales Adoption Service was an example of collaborative working with neighbouring councils in Gwent. However, although work was progressing, sometimes this needed to develop at a faster pace with renewed energy and clear objectives. The learning disabilities and mental health integration work was an example of this.

### CSSIW concluded that there were significant examples of good and excellent support which improved outcomes for most people with learning disabilities

- 30 In June 2016, CSSIW reported on its **inspection of care and support for people with learning disabilities** at the Council. The inspection was part of a national inspection of care and support for adults with learning disabilities. The purpose of the inspection was to assess the success of Council social services in achieving the outcomes that matter to people, and assessed the efficiency, quality and safety of the care and support provided for adults with learning disabilities. It identified those factors that drove good outcomes for people as well as the barriers to progress.
- 31 CSSIW concluded that there were significant examples of good and excellent support which improved outcomes for most people. The Council encouraged people to express views, get involved and contribute to the planning and the delivery of care and support. The strong operational partnership between health and social services at the front line was replicated by effective joint planning at a senior level. To achieve continuous improvement and support its strategic aims for early intervention and prevention, the Council needed to press on with further needs analysis, service mapping and the development of specific, measurable and timed objectives. This will enable the Council to monitor the outcomes from its plans with confidence.

## Welsh Language Commissioner's evaluation of Torfaen County Borough Council's performance

- 32 The role of the Commissioner was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The Commissioner will continue to review Welsh-language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 33 The Commissioner works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every council is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required.
- 34 The Commissioner's formal response and letters issued to the Council during the year are available on the [Commissioner's website](#).

# Use of resources

## Audit of the Council's accounts

- 35 On 4 December 2015, the Auditor General issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. The Annual Audit Letter can be found in [Appendix 4](#) of this report.

## The Council had sound financial control arrangements and had continued to strengthen its financial planning and governance since 2014-15

- 36 In April 2015, we published a national report on 'The financial resilience of councils in Wales'. This report was based on fieldwork carried out in all Welsh local councils.
- 37 Given the continuing pressures on funding for councils in Wales, we considered whether the Council had appropriate arrangements to plan, to secure and maintain its financial resilience in the medium term (typically three to five years ahead). We undertook a review during the period May 2015 to March 2016, and followed up issues highlighted in our 2014-15 financial resilience work. The focus of this review was on the delivery of 2014-15 savings plans, and the 2015-16 financial planning period. We issued this local report to the Council in August 2016.
- 38 Overall, we concluded that the Council had sound financial control arrangements and had continued to strengthen its financial planning and governance since 2014-15.
- 39 We came to this conclusion because:
- a the Council had continued to strengthen its financial planning arrangements;
  - b the Council had sound financial control arrangements in place; and
  - c the Council had strengthened its financial governance, monitoring and reporting since 2014-15 to demonstrate more clearly how much of its surplus came from the delivery of savings.
- 40 Our [Financial Resilience Assessment report](#) is available on the Council's website.

# Governance

The Gwent Frailty Programme had demonstrated positive regional cross-sector partnership working to tackle growing community-based needs, but it had not evidenced tangible improved outcomes, which would be important as partners determine the future of the programme

- 41 From April 2011, ABUHB and Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen Councils began implementing an ambitious integrated model of care called the Gwent Frailty Programme (the Programme)<sup>1</sup>. The Programme was funded by a Welsh Government Invest to Save loan and contributions from respective partners to create a pooled fund.
- 42 The Programme has legal status under a Section 33 partnership agreement<sup>2</sup> between ABUHB and the five Gwent councils. The agreement ran for three years commencing in April 2011. A Gwent Frailty Joint Committee was created as a decision-making body holding formal accountability under the Section 33 agreement. An Operational Co-ordinating Group, a range of specialist sub-groups, and local implementation structures also supported the work of the Frailty Programme Joint Committee<sup>3</sup>.
- 43 In November 2012, we reviewed the Programme and found that partners were strongly committed to the Gwent Frailty vision and had created a sound programme management framework to underpin it. We recognised that the Programme was in the early stages of implementation and it faced challenges to ensure the Programme was sustainable, to change established working practices, and to demonstrate its impact.
- 44 Our latest review in May 2015 focused on whether the Programme had delivered improvements in line with individual organisations' expectations.
- 45 We concluded that 'the Programme had demonstrated positive regional cross-sector partnership working to tackle growing community-based needs, but it had not evidenced tangible improved outcomes, which would be important as partners determine the future of the programme'.

<sup>1</sup> Unless stated otherwise, the 'Programme' covers the committees and working groups, members and staff, and the overall delivery and service model.

<sup>2</sup> The Section 33 agreement provides a formal basis for partnership working. The partners can employ a section 33 agreement as a mechanism to create pooled revenue and capital funding. The host's financial management and financial accounting rules apply. This means that the joint service can reclaim VAT as well as utilising other financial flexibilities available to local government bodies.

<sup>3</sup> For the purposes of this report, reference to Programme Committees covers the Gwent Frailty Joint Committee, Operational Co-ordinating Group, the range of specialist sub-groups and local implementation structures.

46 We reached this conclusion because:

- a The Programme successfully brought together partners who invested time and resources to improve outcomes for frail elderly people, but the financial aims were not achieved, and outcomes remained difficult for partners to evidence.
- b Governance arrangements over the lifetime of the programme had been generally adequate but the Programme could have engaged partners better, benefited from clearer information and been more open about its business. We found that:
  - the governance arrangements provided for timely decision-making but partner organisations were not always kept adequately informed of important issues affecting the Programme, such as the emerging large underspend;
  - financial reporting arrangements within the Programme were adequate but performance reporting was not fit for purpose;
  - public transparency and decision recording started well but became weaker over time; and
  - routine scrutiny of decisions by the Gwent Frailty Joint Committee was not robust, although most partners reported annually through their own scrutiny arrangements.
- c The Programme benefited from strong commitment and was at a pivotal point in its journey but needed clarity of vision to succeed. We found that:
  - the Programme had benefited from a strong commitment from the partner organisations, this needed to be re-confirmed in the context of the financial and operational challenges facing the individual organisations; and
  - the future direction of the Programme was unclear, the partnership was at a pivotal point and partners were yet to agree a clear vision, which would need measurable outcomes and benefits.

# 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 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 Torfaen County Borough Council’s 2016-17 Improvement Plan

## Certificate

I certify that, following publication on 15 April 2016, I have audited Torfaen County Borough Council’s 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

### **Huw Vaughan Thomas**

Auditor General For Wales

CC: Leighton Andrews, Minister for Public Services  
Non Jenkins, Manager  
Chris Pugh, Performance Audit Lead

# Appendix 3 – Audit of Torfaen County Borough Council’s assessment of 2014-15 performance

## Certificate

I certify that, following publication on 20 October 2015, I have audited Torfaen County Borough Council’s (the Council) assessment of its performance in 2014-15 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 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.

### **Huw Vaughan Thomas**

Auditor General For Wales

CC: Leighton Andrews, Minister for Public Services  
Non Jenkins, Manager  
Chris Pugh, Performance Audit Lead

# Appendix 4 – Annual Audit Letter

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

4 December 2015

Dear Alison

## Annual Audit Letter – Torfaen County Borough Council 2014-15

This letter summarises the key messages arising from the Auditor General for Wales' statutory responsibilities under the Public Audit (Wales) Act 2004 and our 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 us 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 we 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 23 July 2015, we issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. Our report is contained within the Statement of Accounts.

The key matters arising from the accounts audit for both the Council and the Greater Gwent (Torfaen) Pension Fund were reported to members of the Audit Committee in our Audit of Financial Statements Report on 8 July 2015. The significant items are summarised as follows:

- The Council has been recognised for its early implementation of the Faster Close agenda, successfully concluding its audit of the financial statements on 23 July, some 10 weeks ahead of the statutory deadline of 30 September.
- The Council disclosed the Capita Gwent Consultancy pension liability of £1 million as a contingent liability in its financial statements. However, as the final settlement was confirmed during the 2014-15 financial year, uncertainty over the value and timing of the Council's liability no longer remained and, as such, the amount needed to be accounted for in the Council's financial statements. The Council confirmed with the Fund's actuary that this deficit would give rise to an additional deficit recovery of £49,500 per annum if it were to be recovered over 25 years, which was the Council's intention. We concurred that the Council could account for the recovery of the deficit using this approach. This adjustment was not processed in the 2014-15 accounts on the grounds of materiality.
- Our 2013-14 audit identified an error in relation to the accounting for capital expenditure that did not add value or service potential which was being impaired rather than de-recognised. The Authority undertook a detailed review in 2014-15 and identified that £2.13 million of capital expenditure had been accounted for incorrectly, which required a movement between the Revaluation Reserve and Capital Adjustment Account. The journal to correct this error was not initially posted in the 2014-15 draft financial statements but was corrected in the final audited statements.

As administering authority to the Greater Gwent Pension Fund, the Council includes the pension fund's accounts within its financial statements. The following item was identified in relation to our audit of the Pension Fund:

- During 2012-13, Welsh Government announced the merger of the University of Wales Newport (UWN) and Glamorgan University. This took place on 11 April 2013. This merger required the transfer of assets and liabilities from the Greater Gwent (Torfaen) Pension Fund to Rhondda Cynon Taff Pension Fund. The Greater Gwent (Torfaen) Pension Fund stopped receiving contributions and paying benefits for UWN staff from 31 March 2014. At the time of preparing the accounts, management had estimated that the transfer value of the UWN pension scheme was £45 million, based on information obtained from Mercers, the scheme's actuary. Subsequent correspondence indicated that the transfer value was estimated to be in the region of £47 million, subject to a number of factors. On the basis that this remains an estimate, and that the difference is not material to the net assets statement, it was not proposed to revise the accrual recognised in the accounts of the Pension Fund.

**We are satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources**

Our 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 Annual Improvement Report will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made.

**We issued a certificate confirming that the audit of the accounts was completed on 23 July 2015.**

**Our work, to date, on certification of grant claims and returns has not identified significant issues that would impact on the 2015-16 accounts or key financial systems.**

A more detailed report on our grant certification work will follow in January 2016 once this year's programme of certification work is complete.

The financial audit fee for 2014-15 is expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

**Grant Thornton UK LLP**

For and on behalf of the Auditor General for Wales

# Appendix 5 – National report recommendations published in 2015-16

Date of report	Title of review	Recommendation
April 2015	<p><b>The Financial Resilience of Councils in Wales</b></p>	<p>R1 Councils should ensure that their corporate plan:</p> <ul style="list-style-type: none"> <li>• is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure;</li> <li>• maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and</li> <li>• should clearly articulate the desired role of the council in five years – the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances.</li> </ul> <p>R2 The medium term financial plan should identify the major financial risks and key assumptions and senior officers and councillors should subject them to effective scrutiny and challenge before adopting the plan.</p> <p>R3 Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.</p> <p>R4 Councils should review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.</p> <p>R5 Councils should ensure that they have a comprehensive reserves strategy that outlines the specific purpose of accumulated useable reserves as part of their Medium term Financial Plan.</p> <p>R6 Councils should develop corporate wide policies on income generation with a view to increasing revenue streams and relieving financial pressures.</p> <p>R7 Councils should:</p> <ul style="list-style-type: none"> <li>• strengthen budget setting and monitoring arrangements to ensure financial resilience; and</li> <li>• review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems.</li> </ul>

Date of report	Title of review	Recommendation
April 2015	<p><b>The Financial Resilience of Councils in Wales</b></p>	<p>R8 Councils must review their finance teams and ensure that they have sufficient capacity and capability to meet future demands.</p> <p>R9 Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.</p>
June 2015	<p><b>Achieving improvement in support to schools through regional education consortia – an early view</b></p>	<p>R1 To clarify the nature and operation of consortia. We found there to be continuing uncertainty about some aspects of the nature of regional consortia and their present and future scope (paragraphs 2.2 to 2.20). We therefore recommend:</p> <ul style="list-style-type: none"> <li>Local authorities should clarify whether consortia services are jointly provided or are commissioned services (services provided under joint-committee arrangements are jointly provided services and are not commissioned services).</li> </ul> <p>R2 To focus on outcomes through medium-term planning. We found that the development of effective regional consortia was hindered by a focus on short-term actions and uncertainty about the future of consortia (paragraphs 2.33 to 2.36; 3.16 to 3.17). We therefore recommend:</p> <ul style="list-style-type: none"> <li>As any possible local authority re-organisation will not be fully implemented until 2020, the Welsh Government and regional consortia should develop three-year plans for the further development, scope, and funding of regional consortia linked to appropriate strategic objectives.</li> </ul>

Date of report	Title of review	Recommendation
June 2015	Achieving improvement in support to schools through regional education consortia – an early view	<p>R3 To develop more collaborative relationships for the school improvement system. The development of the National Model for Regional Working involved many school improvement partners but we found that this had not led to the development of sufficiently collaborative relationships (paragraphs 2.25 to 2.32). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• Regional consortia should develop improved arrangements for sharing practice and supporting efficiency (for example, one consortium could take the lead on tackling an issue or have functional responsibility for the development of a policy).</li> <li>• The Welsh Government, local authorities and regional consortia should recognise the interdependency of all partners fulfilling their school improvement roles and agree an approach to: <ul style="list-style-type: none"> <li>– information sharing and consultation about developments related to school improvement;</li> <li>– developing collaborative relationships of shared accountability; and</li> <li>– undertaking system wide reviews, and an alignment of the understanding and position of regional consortia across all Welsh Government relevant strategies.</li> </ul> </li> </ul> <p>R4 To build effective leadership and attract top talent. Regional consortia, local authorities and the Welsh Government have all found difficulties in recruiting to senior leadership for education and we found there had been limited action to address this (paragraphs 2.37 to 2.40). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• the Welsh Government and local authorities should collaborate to improve the attractiveness of education leadership roles to attract the most talented leaders for the school improvement system; and</li> <li>• local authorities should collaborate to support the professional development of senior leaders and to ensure appropriate performance management arrangements are in place for senior leaders.</li> </ul>

Date of report	Title of review	Recommendation
June 2015	<p>Achieving improvement in support to schools through regional education consortia – an early view</p>	<p>R5 To improve the effectiveness of governance and management of regional consortia. Whilst continuing progress is being made, we found that regional consortia have not yet developed fully effective governance and financial management arrangements (paragraphs 3.2 to 3.36). We therefore recommend that local authorities and their regional consortia should:</p> <ul style="list-style-type: none"> <li>• improve their use of self-evaluation of their performance and governance arrangements and use this to support business planning and their annual reviews of governance to inform their annual governance statements;</li> <li>• improve performance management including better business planning, use of clear and measurable performance measures, and the assessment of value for money;</li> <li>• make strategic risk management an integral part of their management arrangements and report regularly at joint committee or board level;</li> <li>• develop their financial management arrangements to ensure that budgeting, financial monitoring and reporting cover all relevant income and expenditure, including grants funding spent through local authorities;</li> <li>• develop joint scrutiny arrangements of the overall consortia as well as scrutiny of performance by individual authorities, which may involve establishment of a joint scrutiny committee or co-ordinated work by local authority scrutiny committees;</li> <li>• ensure the openness and transparency of consortia decision making and arrangements;</li> <li>• recognise and address any potential conflicts of interest; and where staff have more than one employer, regional consortia should ensure lines of accountability are clear and all staff are aware of the roles undertaken; and</li> <li>• develop robust communications strategies for engagement with all key stakeholders.</li> </ul>

Date of report	Title of review	Recommendation
July 2015	<p>Review of Corporate Safeguarding Arrangements in Welsh Councils</p>	<p>R1 Improve corporate leadership and comply with Welsh Government policy on safeguarding through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements;</li> <li>• the appointment of a lead member for safeguarding; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul> <p>R2 Ensure there is a corporate-wide policy on safeguarding covering all Council services to provide a clear strategic direction and clear lines of accountability across the Council.</p> <p>R3 Strengthen safe recruitment of staff and volunteers by:</p> <ul style="list-style-type: none"> <li>• ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children;</li> <li>• creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and</li> <li>• requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the Council which are underpinned by a contract or service level agreement.</li> </ul> <p>R4 Ensure all relevant staff, members and partners understand their safeguarding responsibilities by:</p> <ul style="list-style-type: none"> <li>• ensuring safeguarding training is mandated and coverage extended to all relevant Council service areas, and is included as standard on induction programmes;</li> <li>• creating a corporate-wide system to identify, track and monitor compliance on attending safeguarding training in all Council departments, elected members, schools, governors and volunteers; and</li> <li>• requiring relevant staff in partner organisations who are commissioned to work for the Council in delivering services to children and young people to undertake safeguarding training.</li> </ul>

Date of report	Title of review	Recommendation
July 2015	<p>Review of Corporate Safeguarding Arrangements in Welsh Councils</p>	<p>R5 In revising guidance, the Welsh Government should clarify its expectations of local authorities regarding the roles and responsibilities of the designated officer within education services, and the named person at senior management level responsible for promoting the safeguarding.</p> <p>R6 Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and Council-wide set of performance information covering:</p> <ul style="list-style-type: none"> <li>• benchmarking and comparisons with others;</li> <li>• conclusions of internal and external audit/ inspection reviews;</li> <li>• service-based performance data;</li> <li>• key personnel data such as safeguarding training, and DBS recruitment checks; and</li> <li>• the performance of contractors and commissioned services on compliance with Council safeguarding responsibilities.</li> </ul> <p>R7 Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the Council's safeguarding practices.</p> <p>R8 Ensure the risks associated with safeguarding are considered at both a corporate and service level in developing and agreeing risk management plans across the Council.</p>

Date of report	Title of review	Recommendation
October 2015	<p>Supporting the Independence of Older People: Are Councils Doing Enough?</p>	<p>R1 Improve governance, accountability and corporate leadership on older people's issues through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for coordinating and leading the Council's work on older people's services;</li> <li>• realigning the work of the older people's strategy coordinators to support development and delivery of plans for services that contribute to the independence of older people;</li> <li>• the appointment of a member champion for older people's services; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul> <p>R2 Improve strategic planning and better coordinate activity for services to older people by:</p> <ul style="list-style-type: none"> <li>• ensuring comprehensive action plans are in place that cover the work of all relevant council departments and the work of external stakeholders outside of health and social care; and</li> <li>• engaging with residents and partners in the development of plans, and in developing and agreeing priorities.</li> </ul> <p>R3 Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.</p> <p>R4 Ensure effective management of performance for the range of services that support older people to live independently by:</p> <ul style="list-style-type: none"> <li>• setting appropriate measures to enable Members, officers and the public to judge progress in delivering actions for all council services;</li> <li>• ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and</li> <li>• establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny.</li> </ul>

Date of report	Title of review	Recommendation
October 2015	<p>Supporting the Independence of Older People: Are Councils Doing Enough?</p>	<p>R5 Ensure compliance with the Public Sector Equality Duty when undertaking equality impact assessments by:</p> <ul style="list-style-type: none"> <li>• setting out how changes to services or cuts in budgets will affect groups with protected characteristics;</li> <li>• quantifying the potential impact and the mitigation actions that will be delivered to reduce the potentially negative effect on groups with protected characteristics;</li> <li>• indicating the potential numbers who would be affected by the proposed changes or new policy by identifying the impact on those with protected characteristics; and</li> <li>• ensuring supporting activity such as surveys, focus groups and information campaigns includes sufficient information to enable service users to clearly understand the impact of proposed changes on them.</li> </ul> <p>R6 Improve the management and impact of the Intermediate Care Fund by:</p> <ul style="list-style-type: none"> <li>• setting a performance baseline at the start of projects to be able to judge the impact of these overtime;</li> <li>• agreeing the format and coverage of monitoring reports to enable funded projects to be evaluated on a like-for-like basis against the criteria for the fund, to judge which are having the greatest positive impact and how many schemes have been mainstreamed into core funding; and</li> <li>• improving engagement with the full range of partners to ensure as wide a range of partners are encouraged to participate in future initiatives and programmes.</li> </ul>

Date of report	Title of review	Recommendation
December 2015	Delivering with less – leisure services	<p>R1 Improve strategic planning in leisure services by:</p> <ul style="list-style-type: none"> <li>• setting an agreed council vision for leisure services;</li> <li>• agreeing priorities for leisure services;</li> <li>• focusing on the Council’s position within the wider community sport and leisure provision within the area; and</li> <li>• considering the potential to deliver services on a regional basis.</li> </ul> <p>R2 Undertake an options appraisal to identify the most appropriate delivery model based on the Council’s agreed vision and priorities for leisure services which considers:</p> <ul style="list-style-type: none"> <li>• the availability of capital and revenue financing in the next three-to-five years;</li> <li>• options to improve the commercial focus of leisure services;</li> <li>• opportunities to improve income generation and reduce council ‘subsidy’;</li> <li>• a cost-benefit analysis of all the options available to deliver leisure services in the future;</li> <li>• the contribution of leisure services to the Council’s wider public health role;</li> <li>• better engagement with the public to ensure the views and needs of users and potential users are clearly identified;</li> <li>• the impact of different options on groups with protected characteristics under the public sector equality duty; and</li> <li>• the sustainability of service provision in the future.</li> </ul>

Date of report	Title of review	Recommendation
December 2015	Delivering with less – leisure services	<p>R3 Ensure effective management of performance of leisure services by establishing a suite of measures to allow officers, Members and citizens to judge inputs, outputs and impact. This should cover council-wide and facility specific performance and include:</p> <ul style="list-style-type: none"> <li>• capital and revenue expenditure;</li> <li>• income;</li> <li>• council ‘subsidy’;</li> <li>• quality of facilities and the service provided;</li> <li>• customer satisfaction;</li> <li>• success of ‘new commercial’ initiatives;</li> <li>• usage data – numbers using services/facilities, time of usage, etc; and</li> <li>• impact of leisure in addressing public health priorities.</li> </ul> <p>R4 Improve governance, accountability and corporate leadership on leisure services by:</p> <ul style="list-style-type: none"> <li>• regularly reporting performance to scrutiny committee(s);</li> <li>• providing elected Members with comprehensive information to facilitate robust decision-making;</li> <li>• benchmarking and comparing performance with others; and</li> <li>• using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.</li> </ul>

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