



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2014-15

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, Chris Pugh and Julie Masci (Grant Thornton) under the direction of Alan Morris.

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Summary report

Purpose of this report

- 1 Each year, the Auditor General is required to audit the improvement planning and reporting arrangements of Welsh councils, fire and rescue authorities, and national park authorities, and to assess whether each authority will meet statutory continuous improvement duties¹. This work has been undertaken on behalf of the Auditor General by staff of the Wales Audit Office. **Appendix 1** provides more information about the Auditor General's powers and duties in local government.
- 2 In addition, the Auditor General undertakes an in-depth corporate assessment at each authority on a cyclical basis (currently at least once every four years). In the intervening years, in addition to audits of improvement planning and reporting, the Wales Audit Office, on behalf of the Auditor General, will keep track of developments and focus further assessment work on a number of key themes, developed in discussion with each authority.
- 3 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 June 2014. 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. 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.
- 4 Taking into consideration the work carried out during 2014-15, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2015-16.
- 5 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.
- 6 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.

¹ Duties and requirements contained within the Local Government (Wales) Measure 2009 (the Measure).

2014-15 performance audit work

- 7 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including the Council's own mechanisms for review and evaluation. For 2014-15, we undertook improvement assessment work under three themes: use of resources; governance; and performance.
- 8 The work carried out since the last Annual Improvement Report, including that of the 'relevant regulators', is set out below:

Project name	Brief description	Dates when the work was undertaken
Audit of the Council's accounts	To provide an opinion on whether the financial statements gave a true and fair view of the financial position of the Council at 31 March 2014 and its income and expenditure for the year then ended.	July to September 2014
Wales Audit Office Financial Planning Assessment	Review of the Council's financial position and how it was budgeting and delivering on required savings.	July to November 2014
Wales Audit Office Annual 'Improvement Plan' Audit 2014-15	Review of the Council's published plan for delivering on improvement objectives.	July 2014
Wales Audit Office Annual 'Improvement Plan' Audit 2015-16	Wales Audit Office Annual 'Improvement Plan' Audit	August 2015
Wales Audit Office Annual 'Assessment of Performance' Audit	Review of the Council's published performance assessment, including testing and validation of performance information.	November 2014
Audit of the Council's Accounts	To provide an opinion on whether the financial statements give a true and fair view of the financial position of the Council at 31 March 2014 and its income and expenditure for the year then ended.	July to December 2014

Project name	Brief description	Dates when the work was undertaken
Review of the Shared Resource Service	Review of the collaboration between Torfaen County Borough Council (TCBC), Monmouthshire County Council (MCC) and the Gwent Police Authority (now Gwent Police) to deliver shared IT services to the three organisations.	May 2015
Review of the Council's Safeguarding arrangements	Review of the Council's governance and management arrangements to provide assurance that children are safeguarded and that any concerns can be highlighted effectively and efficiently.	March to May 2014
Review of the Council's Whistleblowing policy and arrangements	Review of the Council's whistleblowing policy and arrangements.	March 2014
Review of the Waste Management Service	Service review including a follow-up review of the Council's Waste Service Standards.	December 2014 to June 2015
Estyn Monitoring Visits	Monitoring Visits.	May and October 2014
CSSIW Performance Evaluation Report 2013-14	Annual Review of the Council's Social Services/ Children's Service function.	October 2014
CSSIW National Inspection: Safeguarding and Care Planning of looked-after children and care leavers who exhibit vulnerable and risky behaviour	Assessment of the quality of safeguarding and care planning.	April 2014
Sustainability of Social Services	Gwent-wide review, undertaken with CSSIW, of the sustainability of Social Services considering performance, management, revenue and expenditure over multiple years.	April 2014 to January 2015

Project name	Brief description	Dates when the work was undertaken
Delivering with Less – Environmental Health Services	Review of the impact of cuts in resources on environmental services.	November 2013 to January 2014
Managing the impact of Welfare Reform changes on Social Housing Tenants in Wales	Review of arrangements to manage the impact of the welfare reforms. The Council also received local feedback in addition to the national report.	December 2013 to March 2014
Data quality review – follow-up	Follow-up of the Council's progress in addressing the statutory recommendation issued by the Auditor General in 2013. This review also included testing a sample of national and local performance indicators (PIs) from the waste service to inform the review of the waste management service.	August 2014 to December 2014
Welsh Language Commissioner	Response to the Council's 2013-2014 Annual Monitoring Report on its Welsh-language Scheme.	February 2015

Based on, and limited to the work carried out by the Wales Audit Office and relevant regulators to date, the Auditor General believes that it is uncertain whether the Council is likely to comply with the requirements of the Measure during 2015-16. However, we will undertake a full corporate assessment early in 2016 to assess the Council's progress

- 9 The Auditor General has reached this conclusion because:
- Estyn continued to monitor the Council's progress in education services for children and young people following a monitoring visit in February 2013, when the Council was placed in the follow-up category of being in need of special measures.
 - The CSSIW reported that Social Services at the Council had improved in a number of areas, but had struggled to achieve progress against all the targets it set itself.
 - The Council's financial management arrangements were adequate but improvements were needed in the scrutiny of planned savings, reports to members and in strategic financial planning.
 - The Council's governance arrangements to support the safeguarding of children lacked cohesion and accountability.
 - The waste management service had a fragmented strategy, a lack of resources, unclear accountabilities and poor challenge, meaning it was uncertain whether the Council was capable of improving outcomes.
 - The Council had made good progress in addressing our statutory recommendation about data quality, however, arrangements for the preparation of local performance indicators needed improvement.
 - The Council did not publish its 2015-16 Improvement Plan as soon as was reasonably practicable after the start of the financial year. Therefore, the Auditor General issued an Improvement Plan Certificate of Compliance confirming that the Council had not discharged its duties under section 15(6) to (9) of the Measure and had not acted in accordance with Welsh Government guidance sufficiently to discharge its duties ([Appendix 7](#)). During the course of this audit we identified a number of areas for improvement, which were set out in a letter to the Chief Executive ([Appendix 8](#)).
- 10 Early in 2016, we will be undertaking a corporate assessment at the Council. The corporate assessment will look to answer the question: 'Is the Council capable of delivering its priorities and improved outcomes for citizens?'

Headlines – a summary of key findings

11 The table below summarises the key findings of reports issued since the last AIR by the Wales Audit Office, the CSSIW, Estyn and the Welsh Language Commissioner.

Audit of accounts	The Appointed Auditor issued an unqualified opinion on the Council's financial statements on 24 September 2014, stating that they presented a true and fair view of the Council's financial position and transactions for the year ending 31 March 2014.
Improvement planning and reporting audits	<p>The Auditor General for Wales issued a compliance certificate stating that the Council had discharged its duties under the Measure in respect of 2014-15 (see Appendices 2 and 3).</p> <p>The Auditor General for Wales issued a compliance certificate stating that the Council had not discharged its duties under the Measure in respect of its 2015-16 Improvement Plan (see Appendix 7).</p>
Use of resources	<p>Information on the Council's income, expenditure and staffing levels is set out in Appendix 6.</p> <p>The Council had adequate financial management arrangements in place, but needed to improve member reporting and scrutiny of delivery of planned savings and to enhance its strategic financial planning.</p> <p>Wales Audit Office – June 2015</p>
Governance	<p>The strategic vision for the Shared Resource Service was not formally established at the outset, which contributed to weaknesses in how the emerging service was managed and governed. Partners have acknowledged these issues and were addressing them as part of an ongoing internal strategic review.</p> <p>Wales Audit Office – May 2015.</p> <p>The Wales Audit Office reported on the Council's arrangements to support safeguarding of children in October 2014:</p> <ul style="list-style-type: none"> • the governance, accountability and management arrangements for overseeing whether the Council is meeting its safeguarding responsibilities to children had some weaknesses which the Council must address; • the Council's arrangements for monitoring and evaluating its safeguarding responsibilities to children had some weaknesses which the Council must address; and • the Council's approach to identifying and acting on improvements in its safeguarding arrangements had some weaknesses which the Council was addressing. <p>Wales Audit Office – October 2014.</p> <p>The Council's whistleblowing arrangements needed to be improved to ensure its policy was fit for purpose and could be effectively applied in practice.</p> <p>Wales Audit Office – August 2014.</p>

Performance

Due to a fragmented strategy, a lack of resources, unclear accountabilities and poor challenge, it was not clear whether the Council could sustainably improve outcomes through its Waste Management Service.

Wales Audit Office – June 2015.

Estyn continued to monitor the Council's progress in education services for children and young people following a monitoring visit in February 2013, when the Council was placed in the follow-up category of being in need of special measures.

Estyn – May and October 2014.

Social Services had improved in a number of areas, but had struggled to achieve progress against all the targets it set itself. CSSIW – October 2014. [Performance Evaluation Report 2013–14: Torfaen County Borough Council social services](#)

CSSIW undertook a national inspection of safeguarding and care planning of looked-after children and care leavers who exhibit vulnerable or risky behaviour.

CSSIW – August 2014. [CSSIW report on safeguarding and care planning.](#)

The Council was considering how to use financial and performance data from our Social Services Sustainability work across the five Gwent councils to plan for future social services provision.

Wales Audit Office – February 2015

The Council was generally delivering environmental health services at above-minimum levels despite cutting expenditure. Whilst staff numbers had marginally increased, stakeholders had mixed views on the management of services and the Council would find it difficult to take on new statutory duties that protect the public and the environment.

Wales Audit Office – December 2014.

The Council had made good progress in paying Discretionary Housing Payments but because of weaknesses in some of its monitoring information, it could not be certain that resources were provided to those in the greatest need.

Wales Audit Office – April 2015.

The Council had made good progress in addressing our statutory recommendation about data quality, however, arrangements for the preparation of local performance indicators needed improvement. Wales Audit Office – August to December 2014.

The Council was working to ensure that its arrangements for Welsh-language provision improved.

Welsh Language Commissioner – October 2014. [Welsh Language Commissioner Annual Review](#)

Recommendations

- 12 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:
- 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;
 - make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection and publish a report and make recommendations; and
 - recommend to Ministers of the Welsh Government that they intervene in some way.
- 13 The Auditor General made one formal recommendation, relating to the late publication of the Council's Improvement Plan.

Recommendations

R1 The Council must ensure that it publishes its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, and at the latest by 30 June of that year.

- 14 Lower-priority issues, known as proposals for improvement, are contained in our other reports but may be referred to later on in this report. We will continue to monitor proposals for improvement during the course of our improvement assessment work.
- 15 The Auditor General also makes recommendations that may be relevant to councils in his local government national reports. A list of relevant recommendations contained in reports issued in 2014-15 can be found in [Appendix 5](#).
- 16 Recommendations and Areas for Improvement made by the CSSIW, Estyn and the Welsh Language Commissioner during the course of the year are set out below.

CSSIW – Performance Evaluation Report 2013-14

AFI1 The Council should:

- make more progress on the proposed integrated mental health service;
- consider why the levels of looked after children remain high;
- review and make a decision about the future of Family Focus; and
- improve connectivity of Flying Start with the preventative agenda.

AFI2 The Council should:

- review the level of referrals in children's services that did not proceed to initial assessment; and
- review the level of support and information to carers and consider the impact of reduction in service.

AFI3 The Council should:

- progress work in relation to strategic commissioning in children's services based on identification of unmet need;
- ensure appropriate information, advice and support are available for carers in the light of changes to eligibility criteria; and
- improve performance around Disabled Facilities Grants.

AFI4 The Council should;

- ensure the accuracy of management information in relation to children's safeguarding matters; and
- take action to ensure the uptake of direct payments moves at a faster pace.

AFI5 The Council should:

- closely monitor the financial pressures which it faces and the effect on its ambition to drive forward the integration of health and social care services.

Detailed report



Use of resources

Audit of the Council's accounts

- 17 On 9 December 2014 the Appointed Auditor issued an Annual Audit Letter to the Council. The letter summarised 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 Appointed Auditor issued an unqualified opinion on the Council's accounting statements on 24 September 2014 confirming that they presented a true and fair view of the Council's financial position and transactions. The Annual Audit Letter can be found in [Appendix 4](#) of this report.
- 18 Information on the Council's income, expenditure and staffing levels is set out in [Appendix 6](#).

The Council had adequate financial management arrangements in place, but needed to improve member reporting and scrutiny of delivery of planned savings and to enhance its strategic financial planning

- 19 Whilst the Council continued to achieve its budget within the year, it needed to develop clear reporting arrangements to members on the achievement of its savings plans. In addition, the Council should ensure that its Medium Term Financial Plan remained fit for purpose setting out a clear strategy to address its future funding gap.

The Council had a good track record in delivering a balanced budget within the year, although it was not always clearly reported whether the Council had achieved this through delivery of planned savings or through alternative measures

- 20 The Council completed a rigorous process to set its budgets and identify its savings plans for the period 2011-12 to 2013-14. During this period, it accurately identified the level of savings required to meet the projected shortfalls. Savings plans were produced by directorates, which included detailed savings proposals. However, whilst managing its budget effectively, the Council did not routinely report on whether the financial savings achieved were in accordance with original proposals. Improved monitoring arrangements were introduced in 2013-14, where services reported on progress with their savings plans to the central finance team on a regular basis.

- 21 The Council presented a quarterly financial outturn report to members setting out its forecast financial position against budget. However, it did not separately report the achievement of savings plans throughout the year to members. Therefore, whilst members were provided with assurances that the Council was achieving its budget, it was unclear whether this had been achieved through the delivery of the savings measures approved by members at the time the budget was set.
- 22 The Council had sound financial management arrangements in place with a good track record of not only delivering the levels of savings required, but achieving a surplus position. However, the Council needed to continue to develop its arrangements in the future as the easier opportunities for identifying and delivering savings were likely to have already been realised. The position would get more challenging in the future, as funding reductions started to impact on service delivery and staffing levels.

The Council's corporate service and financial planning processes needed to evolve to ensure that its Medium Term Financial Plan remained fit for purpose and set out a clear strategy to address its future funding gap

- 23 Looking to 2015-16 and beyond, the Council had in place an effective corporate framework for financial planning, together with sound arrangements for financial management and control. This framework enabled the Council to continue to review and challenge financial performance and to monitor spending against budget.
- 24 The Council's Medium Term Financial Plan (MTFP) covers the three-year period to 2018 and is updated every year to take account of the most recent information. The Council needed to ensure it continues to evolve its corporate strategy and its MTFP and develop clearer linkages between them.
- 25 Continuing reductions in funding levels have required the Council to focus on a narrower set of improvement objectives. The Council's improvement plan set out its rationale for the prioritisation of the key service areas of education, supporting vulnerable citizens and waste services. The protection of schools' budgets through the policies set by the Welsh Government had placed significant pressure on other service areas across the Council to identify required savings.
- 26 The Council needed to consider opportunities for further efficiencies in its other priority areas as well as its lower priority services. This could include tackling high-cost areas through benchmarking comparisons and identifying opportunities for income generation. The Council needed a clear strategy on how it identified new income streams from developing alternative and innovate use of its asset portfolio, along with the identification of possible income sharing arrangements arising from the commercialisation of certain services. The Council should also consider more transformational options for service areas, such as service redesign, LEAN reviews and options for alternative service delivery models.

- 27 Over the past few years, the Council had taken an incremental or ‘salami slicing’ approach to reducing its budgets each year. First, additional service cost pressures and inflation requirements for the year were identified. The Council then required all service areas to identify proposed savings measures based on cash reductions of two, four and 10 per cent. The savings levels requested allowed members to exercise choice in those budget adjustments to be adopted as part of the annual budget setting process. The Council needed to explore the use of other budget-setting techniques such as zero-based budgeting or priority-based budgeting. Those alternative techniques could ensure that scarce financial resources were focused on priority areas and that budgets more realistically reflected the actual costs of delivering the service to the required levels of demand. The use of the alternative approach would require more effective service planning arrangements, that clearly set out what the service was intending to deliver and achieve to deliver its objectives.
- 28 The Council’s current MTFP sets out its future financial trajectory based on an assumption of a status-quo position in the services it will deliver over the period of the plan. The reality, however, was that the Council recognised the need to either reduce or stop providing services, or to look at alternative ways to deliver its services to close its future financial funding gap. This need had not been recognised in the Council’s corporate plan and the MTFP that supported it. Therefore, the Council needed to evolve its approach to corporate and strategic financial planning for the future.
- 29 The Council’s medium-term strategic planning should cover what services would be delivered in the future; the model for delivering these services; how the Council would work with partners; and what infrastructure and resources would be needed to support delivery of priorities. This clarity of vision could help to avoid piecemeal strategic development, which could lead to inefficiencies. The MTFP needed to support the Council’s Corporate Strategy, setting out how financial resources would be deployed over the medium to long term and how those are put to best use to deliver those planned future models of service delivery and transformation across the Council.

Governance

The strategic vision for the Shared Resource Service was not formally established at the outset, which contributed to weaknesses in how the emerging service was managed and governed. Partners have acknowledged these issues and were addressing them as part of an ongoing internal strategic review

- 30 The Shared Resource Service (SRS) is a collaboration between Torfaen County Borough Council (TCBC), Monmouthshire County Council (MCC) and the Gwent Police Authority (now Gwent Police) to deliver shared IT services to the three organisations. Data Centre Hosting services are also provided to other public bodies including the NHS Wales Informatics Service (NWIS) by TCBC as part of the Shared Resource Centre (SRC) located in Blaenavon in northern Torfaen.
- 31 Our review sought to answer the question: 'Was the SRS properly established and was it effectively managed and governed by its partners?' We concluded that the strategic vision for the SRS was not formally established at the outset, which contributed to weaknesses in how the emerging service was managed and governed. Partners acknowledged these issues and were addressing them as part of an ongoing internal strategic review.
- 32 There was a clear rationale for developing the SRS but, whilst the service had evolved over time, there were some weaknesses in how it was established. The final decision to set up the SRS by TCBC was approved by Members but was not fully supported by a sufficiently detailed business case. The decision to join the SRS by MCC and Gwent Police was supported by appropriate information although there were some gaps on the likely cost implications. A memorandum of understanding and agreement was in place that clearly set out how the SRS was constituted and how the SRS was now providing some benefits for all partners, but the initial plans were often too optimistic.
- 33 A strategic review had been completed which was addressing the weaknesses identified in performance management, oversight and scrutiny. The effectiveness of the SRS Board in overseeing the management and development of the SRS had been mixed. Some of the initial weaknesses in scrutiny and oversight of the SRS had been addressed but further work was needed. Sound budget management arrangements were in place, but more work was required by the SRS to demonstrate it was delivering value for money.

The Wales Audit Office reported on the Council's arrangements to support safeguarding of children in October 2014

- 34 During the period March to May 2014, the Wales Audit Office completed a review of the Council's assurance and accountability arrangements for ensuring that safeguarding policies and procedures were in place and were being adhered to. The study examined what the Council itself had done to seek assurance that its arrangements to support safeguarding were effective by reviewing how the Council had discharged its safeguarding responsibilities at all levels: cabinet, senior management team, scrutiny and individual officers.

The governance, accountability and management arrangements for overseeing whether the Council is meeting its safeguarding responsibilities to children had some weaknesses which the Council must address

- 35 Our review concluded that the Council needed to strengthen its governance arrangements across the Council to ensure they were clear and understood by all departments. The governance arrangements lacked cohesion and accountability and performance monitoring arrangements differed between Education and Learning, Social Care and Housing, and other departments such as Leisure and Culture. The Council had identified an executive member responsible for safeguarding, but had not introduced effective mechanisms to ensure all safeguarding issues were reported to this member. In addition, 52 per cent of the survey respondents did not know who was the Council's lead Councillor for child protection.
- 36 The Council adopted the All Wales Child Protection Procedures to manage its safeguarding responsibilities, but did not have its own policy which set out the governance and accountability arrangements as to how these procedures should be applied across the Council, including the role of the Local Authority Designated Officer (LADO). The lack of a specific local policy to underpin local decision making was a weakness.

The Council's arrangements for monitoring and evaluating its safeguarding responsibilities to children had some weaknesses which the Council must address

- 37 The Council did not formally report its safeguarding requirements and performance to Scrutiny or Cabinet other than the annual report to Council on the effectiveness of Social Services by the Chief Officer for Social Care and Housing – the 'Statutory Director of Social Services Annual Report'. During the year the Council relied upon members reviewing and challenging performance via the Ffynnon system but they had only recently been provided with access and it was unclear how robust this arrangement was. Cabinet and Scrutiny members all had access to Ffynnon and used the system to formally assess compliance against objectives and performance indicators on a quarterly and six-monthly basis.
- 38 Training requirements were monitored within Social Services and Education, but needed to be expanded to ensure they addressed the requirements across the Council. For example, within Leisure Services the senior management team were required to ensure staff were aware of safeguarding issues and identified staff for training. However, a process for maintaining the training database had yet to be developed. The Council had provided safeguarding training for all members, delivered through workshops by safeguarding officers. The Council was above the survey average for the number of people who had received training on safeguarding in the last six months – 34 per cent compared with 32 per cent – but had fewer people who had never received safeguarding training, eight per cent compared with the all-Wales average of 10 per cent.

The Council's approach to identifying and acting on improvements in its safeguarding arrangements had some weaknesses which the Council was addressing

- 39 The South East Wales Safeguarding Children Board (SEWSCB) had been operational throughout 2013-14 and brought together the local boards for the five councils across Gwent. The councils which make up this joint board had identified neglect as an area of review and the Council completed a regional audit on this matter. Audits were also undertaken within Education Services looking at schools compliance with safeguarding requirements and Social Care Services, where a selection of case files was subject to audit every month. Findings from the audits and child practice reviews resulted in both individual, team and wider learning points.

- 40 There was work on safeguarding planned for Internal Audit, other than checking compliance with DBS requirements on school audits. At the time of the review no detailed safeguarding reviews have been undertaken by scrutiny. The Council was clear about what information it required and monitored to identify areas for improvement within Social Care and Housing, and as a result was aware of those areas where performance was below target, such as the timeliness of case conferences.

The Council's whistleblowing arrangements needed to be improved to ensure its policy was fit for purpose and could be effectively applied in practice

- 41 During March 2014 we undertook a review of the Council's arrangements in relation to whistleblowing. The review looked at the Council's whistleblowing policy and arrangements that were in place to support whistleblowing and whistleblowers.
- 42 The Council had agreed a corporate whistleblowing policy, which had taken into account recent legislative changes and had a separate, but out-of-date, policy for schools. The corporate policy included separate requirements for the Social Care and Housing Service. The policy was 13 pages long and was confusing and difficult to follow.
- 43 The Council had identified a responsible officer for both the corporate and schools policy, but was not able to demonstrate its commitment to maintaining good whistleblowing arrangements, as these had not been subject to review or scrutiny.
- 44 The Council had not provided whistleblowing training nor publicised the policy to raise awareness.
- 45 The lack of whistleblowing cases did not enable the Council to assess or monitor the policy in practice.

Performance

The Council did not publish its 2015-16 Improvement Plan as soon as was reasonably practicable after the start of the financial year to which it related

- 46 The Auditor General issued an Improvement Plan Certificate of Compliance confirming that the Council had not discharged its duties under section 15(6) to (9) of the Measure and had not acted in accordance with Welsh Government guidance sufficiently to discharge its duties ([Appendix 7](#)).
- 47 The Council did not publish its 2015-16 Improvement Plan as soon as was reasonably practicable after the start of the financial year. The Improvement Plan was published on 22 July 2015, which is well beyond the end of the first quarter of the financial year.
- 48 During the course of this audit we also identified a number of areas for improvement, which were set out in a letter to the Chief Executive ([Appendix 8](#)).

Due to a fragmented strategy, a lack of resources, unclear accountabilities and poor challenge, it was not clear whether the Council could sustainably improve outcomes through its Waste Management Service

- 49 Between December 2014 and March 2015, we completed a review on the Council's waste management service. The review sought to answer the question: 'Is the Council capable of delivering its waste management services resulting in improved outcomes for citizens?'
- 50 We concluded that 'due to a fragmented strategy, a lack of resources, unclear accountabilities and poor challenge, it was not clear whether the Council could sustainably improve outcomes through its Waste Management Service'
- 51 In reaching our conclusion, we reported the following findings:
- whilst the Council recognised the importance of waste management, its strategy lacked clarity as it was fragmented and reactive with little long-term vision;
 - a lack of understanding of roles and responsibilities and the poor quality of information to support challenge undermined accountabilities;
 - in recent years, the Council had invested significantly in the Waste Management Service, but there were weaknesses in relation to staff resources that were hindering improvement;

- collaborative arrangements contributed to recent improvements in waste management performance but reporting of information relating to tendering and contracts was weak;
- performance across the Waste Management Service was mixed, and measurement against service standards was weak; and
- despite recent initiatives, it was unclear whether the Waste Management Service could deliver sustained improvement.

Estyn continued to monitor the Council's progress in education services for children and young people following a monitoring visit in February 2013, when the Council was placed in the follow-up category of being in need of special measures

52 Following its inspection of Torfaen's education services for children and young people in October 2011, Estyn identified that the Council required significant improvement. In February 2013, Estyn monitored the progress against the recommendations arising from the inspection in 2011 and judged that the authority had made insufficient progress to address the recommendations in the inspection report. As a result, the Council was placed in the follow-up category of being in need of special measures. A monitoring plan was agreed between Estyn and the Council. During 2014-15, two monitoring visits were undertaken by Estyn.

The Council acknowledged the need for an increase of pace and depth of change to bring about the improvements in reducing the number of young people who were not in education, employment or training

53 Estyn carried out its first monitoring visit in May 2014 to review recommendation two from their initial inspection in 2011: 'Take action to reduce the number of young people who are not in education, employment or training (NEET).' Estyn concluded that since the 2011 inspection, the Council had acted decisively and purposefully to prioritise this recommendation.

54 The Council, through the Leader and the Chief Executive had greatly improved its focus on NEETs, and as a result of this, there had been a step change in the pace of the progress to reduce the number of young people who were NEET. The percentage of Year 11 NEETs had improved significantly since the monitoring visit in 2013, from 6.7 per cent in 2011 to 5.5 per cent in 2012 with a further reduction to 2.5 per cent in 2013. This improvement had moved the Council from being amongst the worst in Wales to being amongst the best in Wales. This had been achieved through improved partnership working, which had provided better identification of young people most at risk of disengagement.

- 55 The Council had worked closely with Careers Wales and partners and established a new tracking system, 'RONI' (Risk of NEET Indicator). This was a significant improvement on previous systems which resulted in the Council and its partners being able to gather and analyse data more effectively. RONI data included pupils at key stages 3 and 4 and plans were in place to extend to key stage 2 and post-16 learners, in line with the development of the Youth Engagement Framework. Data was shared well with partners who used it to target interventions appropriately. Improved analysis of the data helped the Council and its partners to identify gaps in the provision and review together how those gaps could be addressed.
- 56 The Council was focussing appropriately on developing additional ways to measure the impact of partnership provision on children and young people using a range of suitable local outcomes and indicators. As a result, the Council was beginning to analyse outcomes against a wider range of measures.

The Council had focused well on performance management and effective governance arrangements in order to improve standards of education services for children and young people

- 57 In October 2014, Estyn conducted its second monitoring visit of the Council to review the following two recommendations made during its original inspection in October 2011: 'Improve the performance management of services to ensure a consistent approach in delivering improvements'; and 'Implement effective governance arrangements for the work of the Children and Young Peoples Partnership to ensure all services for children and young people in Torfaen are managed appropriately.'
- 58 Estyn concluded that since the previous monitoring visit in May 2014, the Council had continued to focus well on the areas where improvements were needed in order to improve the standards of education services for children and young people in Torfaen.
- 59 This had been achieved through the close working relationship which it had developed with the Ministerial Recovery Board. Together, they had produced and implemented a joint plan, the 'Partnership Plan'. This plan took into account Estyn's recommendations for improvement and addressed wider issues to secure improvements. The local authority had implemented a process of sharing the performance data of all schools more widely, meaning that schools were aware of the achievement of pupils throughout the authority. This resulted in a better understanding of attainment and the issues surrounding teacher assessment data.
- 60 A further monitoring visit will be undertaken by Estyn during 2015-16, and we will continue to liaise with them to inform our corporate assessment work.

Social Services had improved in a number of areas, but had struggled to achieve progress against all the targets it set itself

- 61 The CSSIW published its Annual Council Review and Evaluation of Performance 2013-14 in October 2014.
- 62 The CSSIW reported that the Council had made improvements in a number of areas, but had struggled to achieve progress against all the targets it set itself. The transformation programme continued to deliver efficiency savings. Social services managed to end the year with a balanced budget through close monitoring, financial guidance and making savings where possible.
- 63 The Director of Social Services' annual report provided an accurate account of the Council's performance. It celebrated the achievements whilst acknowledging the challenges faced by the authority. It recognised the consequences of the impending introduction of the Social Services and Wellbeing (Wales) Act 2014 which would bring changes at all levels.
- 64 In adult services, the Council planned to extend the collaborative arrangements with health partners and neighbouring local authorities in order to improve the integration of health and social care. The health board had identified resources to drive integration. Work had begun with stakeholders about models of service delivery that would provide a holistic response to vulnerable people's needs. Existing services, such as intermediate care and reablement that were successful would be a key feature for further development. Where there was a need for reconfiguration to enable more effective targeting, this would be pursued.
- 65 The Council made a policy decision to increase the eligibility threshold for access to help from social services. The intention was to target those people most in need. The risk was that the more universal services available in the community would struggle to meet the demand from those with lower levels of need. This in turn may have increased the stress on families and carers. It was important that the Council and its partners monitored closely the impact of its decision, not just in terms of demand on social services, but also in respect of outcomes for people in need of advice or lower levels of care and support.
- 66 In children's services the evidence suggests that the Council provided an effective response to incoming referrals and initial decision making. It also performed well in fulfilling its responsibilities in relation to assessments. Most indicators related to looked-after children and children in need showed performance that was comparable to other local authorities in Wales. It was of concern that there were still significant delays reported around initial child protection conferences; whilst this had improved significantly compared to last year it was still poor performance and well below the Welsh average.

- 67 The Council recognised the need to invest further in early intervention and preventative services and make the best use of services such as Flying Start and other support services for families. The Family Focus pilot was an example which achieved good outcomes for children, but its long-term future needed to be secured.
- 68 The full CSSIW Annual Council Review and Evaluation of Performance 2013-14. [CSSIW Annual Performance Evaluation Report](#).

The CSSIW undertook a national inspection of safeguarding and care planning of looked-after children and care leavers who exhibit vulnerable or risky behaviour

- 69 During 2014-15 the CSSIW undertook an inspection of safeguarding and care planning of looked-after children and care leavers who exhibit vulnerable or risky behaviour. The inspection was carried out as part of the CSSIW national thematic inspection programme. The methodology for the review included three and a half days' fieldwork in each local authority across Wales, between January and May 2014. The aim of the national inspection was to assess the quality of care planning across Wales and whether it effectively:
- supported and protected looked-after children and care leavers;
 - identified and managed the vulnerabilities and risky behaviour of looked-after children and care leavers;
 - promoted rights-based practice and the voice of the child;
 - promoted improved outcomes for looked-after children and care leavers; and
 - promoted compliance with policy and guidance.
- 70 Findings from the individual local authority inspections and the CSSIW national overview report can be found on the CSSIW website and are available here. [CSSIW safeguarding and care planning report](#).

The Council was considering how to use financial and performance data from our Social Services Sustainability work across the five Gwent councils to plan for future social services provision

- 71 As part of our Social Services Sustainability work across the five Gwent Councils, we produced a document for the Council that presented:
- future demand for social services in Torfaen through benchmarking population projections for children and older people; and
 - a suite of graphical analyses that combined financial and performance data for social services in Torfaen over multiple years and which also placed Torfaen within the context of the other 21 Welsh councils.
- 72 There were no recommendations or conclusions from our work as we provided each council with a data pack that displayed the information from a different perspective and facilitated a Gwent-wide workshop for Directors of Social Services and Directors/Heads of Finance to discuss. We received positive feedback on the output and await to see how the Council uses this approach as part of its internal challenge processes.

The Council was generally delivering environmental health services at above-minimum levels despite cutting expenditure. Whilst staff numbers had marginally increased, stakeholders had mixed views on the management of services and the Council would find it difficult to take on new statutory duties that protect the public and the environment

- 73 In December 2014, we reviewed the Council's environmental health services as part of one of our all-Wales studies. The study considered the impact of cuts in resources on the ability of council environmental health services to deliver their statutory obligations.
- 74 Delivering with less – the Impact on Environmental Health Services and Citizens in December 2014 concluded that the Council was generally delivering environmental health services at above-minimum levels despite cutting expenditure. Whilst staff numbers had marginally increased, stakeholders had mixed views on the management of services and the Council would find it difficult to take on new statutory duties that protect the public and the environment. We reached this conclusion because:

- the Council was delivering most of its environmental health services at minimum levels or above as judged against the Best Practice Standards;
- between 2011-12 and 2013-14 the Council had reduced expenditure on environmental health but marginally increased staff numbers;
- staff survey respondents had mixed views on the current standards of the environmental health service but there was a low awareness of current performance or future plans amongst citizens; and
- new environmental health statutory duties were being introduced which the Council would find difficult to deliver.

The Council had made good progress in paying Discretionary Housing Payments but because of weaknesses in some of its monitoring information, it could not be certain that resources were provided to those in the greatest need

- 75 The Welfare Reform Act 2012 heralded a significant change to the administration and distribution of benefits which would have a major impact on many citizens. In April 2011, the UK Government embarked on a programme of reform, which culminated with the phased introduction of Universal Credit between October 2013 and 2017. A major focus of the UK Government's plans were changes to Housing Benefit, which were aimed at reducing annual expenditure by around £2.3 billion. These changes meant that millions of households in Great Britain would receive less in benefits, creating hard choices for them about how they use their money and manage financially on a day-to-day basis.
- 76 In January 2015, the Auditor General for Wales published his report on how well councils were managing the impact of welfare reform changes on social housing tenants in Wales. His report reviewed the management and use of Discretionary Housing Payments (DHP) by councils in Wales and concluded that the allocation, distribution, administration and use of these payments had significant inconsistencies and weaknesses. We followed up this work at individual councils.
- 77 Our review found that the Council had processes in place to support vulnerable customers to apply for DHP. The Council approved its DHP policy in April 2013. There was a DHP policy publicly available on the Council's website and there was a comprehensive leaflet available effectively summarising the application process, the criteria and how decisions were made and reviewed. The policy documentation and the leaflet referenced the impact of the welfare reforms.

- 78 However, the Council did not publish a welfare reform and anti-poverty strategy. Combined with other public sector partners the Local Service Board strategy 'Torfaen Together' had 'enabled residents to manage the impact of the welfare reforms' alongside other key anti-poverty objectives. The Council's Welfare Reform Group met every six weeks and included a detailed and ongoing review of the changes in legislation including a ward-by-ward breakdown of key indices including unemployment rates, rent arrears and DHP awards. However, it was unclear how the Council used DHP to assist people to reduce the impact of welfare reform changes such as the Spare Room Subsidy, the benefit cap or addressed the financial challenges faced by other families in housing need.
- 79 The Council shared its benefit service with Monmouthshire County Council and the documentation was generally the same for both councils.
- 80 Whilst access to information on DHP was easily found on the Council's website by using the search facility, it only provided standard information about DHP. The application form was five pages in length and could be downloaded, printed and sent to the Council. However, the Council did not offer the option of applying online. The Council monitored the level of DHP expenditure against the amount provided by the Department for Work and Pensions, the number of customers helped, the speed of processing applications and the number of landlords it had assisted. The Council did not fully monitor the impact of DHP and how it was helping vulnerable people.
- 81 The Council had paid out £311,007 of its Department for Work and Pensions allocation of £244,222 at the end of November 2014 assisting 996 applicants. This represented 127 per cent of its allocation. Whilst the Council should be commended for paying more DHP than it had been allocated, some further analysis could be undertaken to assess individual impact and to assess what further support could be provided to customers to mitigate the impact of the welfare reforms.

The Council had made good progress in addressing our statutory recommendation about data quality, however, arrangements for the preparation of local performance indicators needed improvement

82 Our 2012-13 data quality review concluded that 'insufficient progress had been made to respond to the proposals for improvement arising from our data quality findings'. A statutory recommendation for improvement was issued in November 2013 by the Auditor General for Wales under section 19 of the Local Government Measure 2009. In March 2015, we reviewed the Council's data quality arrangements that were in place in 2013-14 and focussed on a follow-up of the Council's progress against this statutory recommendation and previous proposals for improvement (PFI) and we concluded:

- The Council had made progress against the statutory recommendation and PFI. We came to this conclusion because:
 - Record cards were now in place for all indicators published in the Council's Forward Facing Improvement Plan.
 - Target-setting guidance had been circulated to all service areas.
 - Improved monitoring and scrutiny arrangements of changes in target intervention levels had been introduced.
 - All scrutiny members had now been offered access to a suite of Ffynnon dashboards, which captured the activities and performance measures published in the Council's Forward Facing Improvement Plan.
 - The Council's annual performance reports were received by the Joint Meeting of all Scrutiny Committees. A meeting held on 16 July 2014 scrutinised the draft 2013-14 performance report. A number of recommendations were raised to improve the robustness of data and the quality of performance reporting.
 - The Council's Internal Audit Team had been working with service areas to address the issues raised through the 2013 Data Quality Review work. Targeted work was completed by Internal Audit on two local indicators previously subject to qualification. New local definitions had been determined and Internal Audit work found no ongoing issues.

- 83 During the review of the waste management service between December 2014 and March 2015, we tested a sample of two national and three local performance indicators (PIs):
- WMT 004b – percentage of municipal waste collected by local authorities sent to landfill
 - WMT 009b – percentage of municipal waste collected by local authorities and prepared for reuse and/or recycled
 - Local – percentage of households receiving weekly food waste collections
 - Local – percentage of households served by kerbside recycling
 - Local – percentage of residents participating in kerbside recycling
- 84 The testing concluded that there were reasonable systems in place to collate four of the above PIs. There were, however, issues with the percentage of residents participating in kerbside recycling, and consequently this indicator was qualified.

The Council was working to ensure that its arrangements for Welsh-language provision improved

- 85 The role of the Welsh Language Commissioner (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 continued to review Welsh-language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 86 The Commissioner worked 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.
- 87 The Council submitted a report which confirmed that it had now fully implemented the recommendations made by the Commissioner following a statutory inquiry conducted in 2012-13. There was an increase in the bilingual content of the website and arrangements had been made to make further progress by appointing a new member to the translation team who would focus on this area. Welsh-language training was targeted towards front line staff, resulting in an increase in attendance. A Welsh speaker was appointed to work in the reception and contact centres. Implementing the Welsh Language Skills Strategy, arrangements to monitor third-party contracts and assessing the impact of new policies on the Welsh language remained a priority for the next year.

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 2014-15 Improvement Plan

Certificate

I certify that I have audited Torfaen 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.

Huw Vaughan Thomas
Auditor General for Wales

CC: Lesley Griffiths, Minister for Local Government and Government Business
Non Jenkins, Manager
Julie Masci – Grant Thornton UK LLP

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

Certificate

I certify that I have audited Torfaen 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 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: Lesley Griffiths, Minister for Local Government and Government Business
Non Jenkins, Manager
Chris Pugh, Performance Audit Lead

Appendix 4 – Annual Audit Letter

Leader
Torfaen County Borough Council
Civic Centre
Pontypool
NP4 6YB

Dear Councillor Wellington

Annual Audit Letter – Torfaen County Borough Council 2013-14

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 24 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 and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit for both the Council and the Greater Gwent Pension Fund were reported to members of the Audit Committee in my Audit of Financial Statements report on 10 September 2014. The significant items are summarised as follows:

- Since the introduction of International Financial Reporting Standards in 2010-11, our audit identified that the Council has incorrectly charged some of the write out of capital expenditure that does not add to the service life or potential of the asset to the Revaluation Reserve where the asset in question has a balance from a previous valuation. This expenditure should have been written out to the Capital Adjustment Account. The cumulative effect of this on the Council's unusable reserves since 2010-11 amounts to approximately £2.1 million. The Council will update its accounting records and fixed asset register to correct this matter in the 2014-15 financial year, as this did not give rise to a material misstatement and therefore did not affect our opinion on the 2013-14 accounts.

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 plans led to an announcement of the merger between the University of Wales Newport (UWN) and Glamorgan University. This took place on 11 April 2013. As the transfer amount had not yet been formally determined, nor were any transfer payments processed, the conditions to recognise a transfer liability to Rhondda Cynon Taff pension fund had not been met at the balance sheet date. We concluded that this should be reported as a post balance sheet event as opposed to a contingent liability in the 2013-14 financial statements. This adjustment was accepted and actioned by the Pension Fund.

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 issued a certificate confirming that the audit of the accounts has been completed on 24 September 2014.

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. A more detailed report on my grant certification work will follow in January 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

Barrie Morris, Grant Thornton UK LLP
For and on behalf of the Appointed Auditor

Appendix 5 – 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.
		R5 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.
		R6 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.
		R7 Implement scrutiny improvement action plans developed from the Wales Audit Office improvement study.
		R8 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.

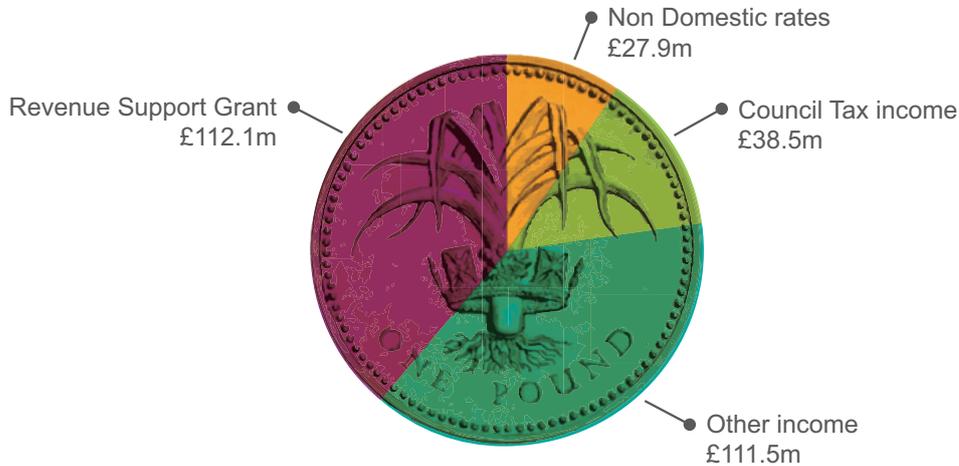
Date of report	Title of review	Recommendation
October 2014	<p>Delivering with less – the impact on environmental health services and citizens</p>	<p>R1 Revise the best practice standards to:</p> <ul style="list-style-type: none"> • align the work of environmental health with national strategic priorities; • 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	<p>Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales</p>	<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.

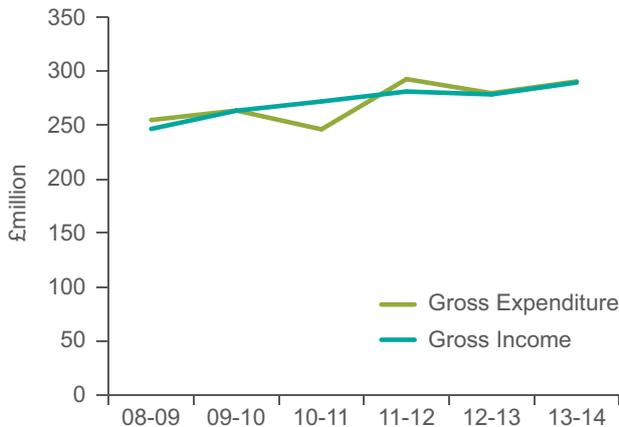
Date of report	Title of review	Recommendation
January 2015	<p>Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales</p>	<p>R7 Improve management, access to and use of Discretionary Housing Payments by:</p> <ul style="list-style-type: none"> • establishing a clear policy or 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 6 – Useful information about Torfaen County Borough Council’s resources

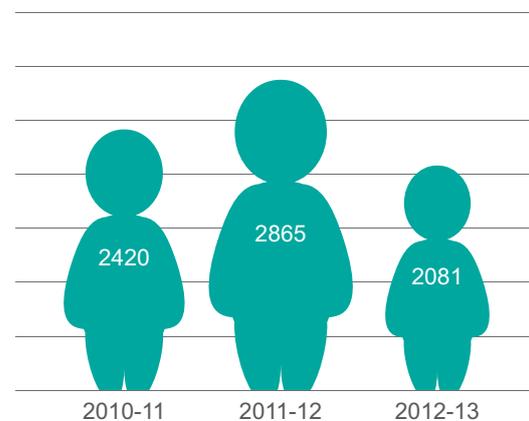
Total Gross Income 2013-14



Total Income and Expenditure



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



Total Gross Expenditure by service area



Appendix 7 – Audit of Torfaen County Borough Council’s 2015-16 Improvement Plan

Certificate

I certify that, following publication on 22 July 2015, 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 not discharged its duties under section 15(6) to (9) of the Measure and has not 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.

Recommendations under the Local Government (Wales) Measure 2009

The Council must prepare a statement of action and a timetable for taking action in response to this statutory recommendation within 30 working days of receiving this certificate.

Recommendations

- R1 The Council must ensure that it publishes its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates.

Huw Vaughan Thomas
Auditor General For Wales

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

Appendix 8 – Feedback on the audit of Torfaen County Borough Council’s 2015-16 Improvement Plan

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

Dear Alison

Audit of the Council’s 2015-16 Improvement Plan

The Auditor General recently audited Torfaen County Borough Council’s (the Council) 2015-16 Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and his Code of Audit Practice.

The Auditor General issued an Improvement Plan certificate of compliance (dated 03 August 2015) confirming that the Council had not discharged its duties under section 15(6) to (9) of the Measure and had not acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

The Council did not publish its 2015-16 Improvement Plan as soon as was reasonably practicable after the start of the financial year. The Improvement Plan was published on 22 July 2015, which is well beyond the end of the first quarter of the financial year.

The Auditor General made the following recommendation when issuing the Improvement Plan certificate of compliance:

Recommendations

R1 The Council must ensure that it publishes its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates.

The Council must prepare a statement of action and a timetable for taking action in response to this statutory recommendation within 30 working days of receiving the improvement Plan Certificate of Compliance.

During the course of the audit, we also identified a separate area for improvement. We are therefore sharing this with you at the earliest opportunity to enable you to feed any learning into your future improvement planning.

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.

We identified that for a number of key outcome indicators, and supporting performance indicators there was no target set for 2015-16. Instead, the Improvement Plan states that the indicators are demand led.

Where key outcome and performance indicators are demand led, and targets cannot be set, this suggests that the Council is unable to take any action to improve its performance in these areas. Therefore, these outcome and performance indicators are not appropriate measures to support the Council in the discharging of its duties under the Measure.

The matter identified above is for your consideration. It is not intended to be a formal recommendation or proposal for improvement requiring any specific actions to be reported to us. However, we assume that you will want to reflect on these and assure yourselves that future improvement planning takes account of this matter.

Yours sincerely

Alan Morris
Engagement Director

CC: Lynne Williams, Head of Improvement

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