



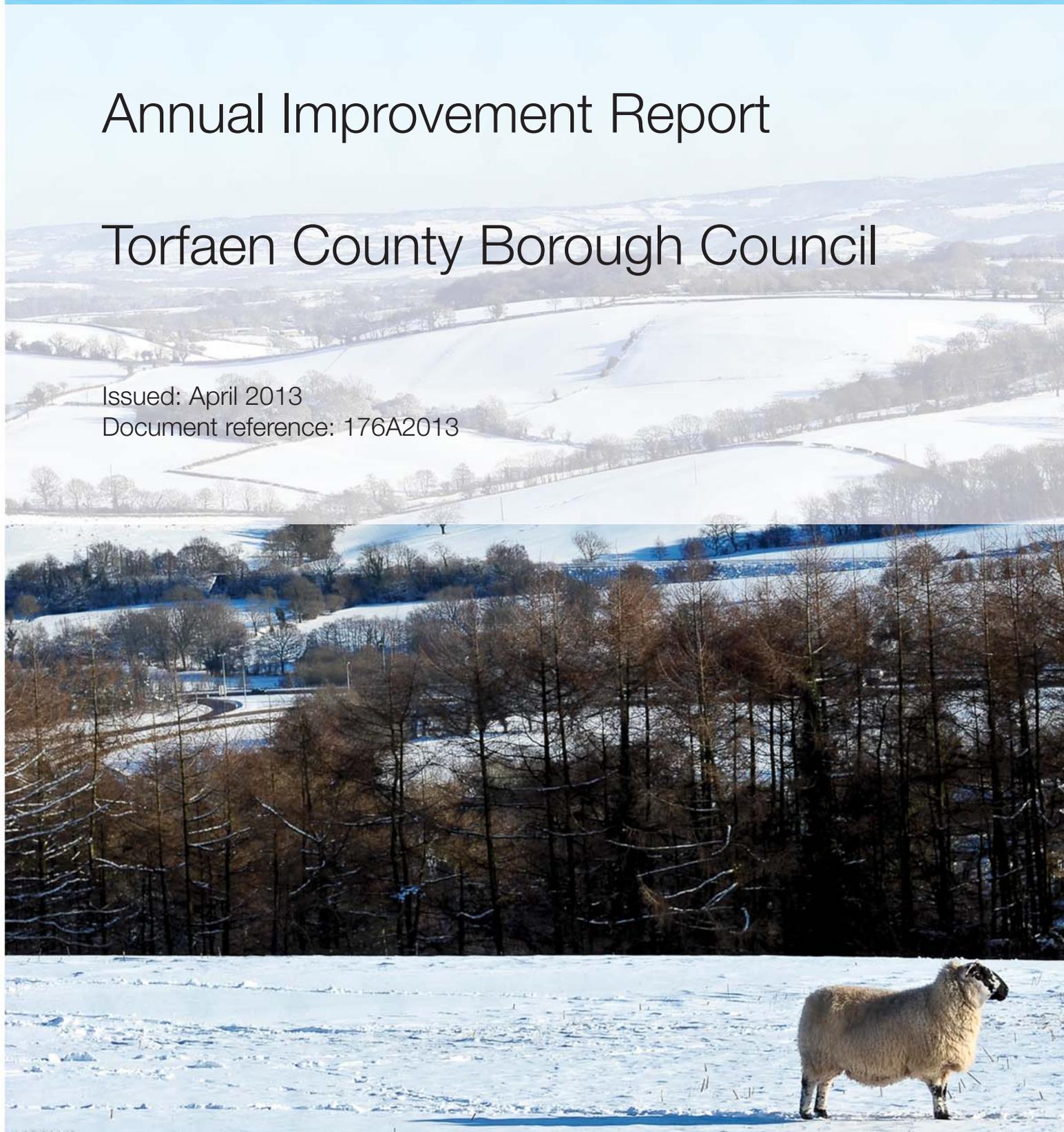
WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Torfaen County Borough Council

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About the Auditor General for Wales

The Auditor General is independent of government and is appointed by Her Majesty the Queen. He leads the Wales Audit Office and is held accountable by the Public Accounts Committee of the National Assembly for the Wales Audit Office's work.

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. He also appoints the external auditors of Welsh local government bodies, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. The Auditor General's appointed auditors are responsible for the annual audit of nearly £5.5 billion of funding that is passed by the Welsh Government to local government in the form of general and specific grants. Local government, in turn, raises a further £2.1 billion through council tax and business rates.

As well as carrying out financial audit, the Auditor General's role is to examine how public bodies manage and spend public money, including achieving value in the delivery of public services. The Wales Audit Office aims to make public money count, by promoting improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money. It is also committed to identifying and spreading good practice across the Welsh public sector.

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

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Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. Drawing on the work of the relevant Welsh inspectorates, as well as work undertaken on his behalf by the Wales Audit Office, this report presents a picture of improvement over the last year. The report is in three main sections, which cover the Council's delivery and evaluation of services in relation to 2011-12, and its planning of improvement for 2012-13.
 - our review of child protection and safeguarding services shows that performance is mixed;
 - performance in protecting the most vulnerable adults, those with disabilities and other long term conditions is mostly declining and pressures within adults services are significantly increasing;
 - performance on reducing anti-social behaviour is mostly improving but the impact on communities and citizens is not yet clear;
- 2 Overall the Auditor General has concluded that whilst the Council has a clear strategic direction and improving corporate arrangements for managing performance, service performance remains mixed and some services face significant challenges.
 - the Council has made good progress in rationalising office space and reducing energy consumption as part of its priority to use resources wisely;
 - the Council is delivering programmes to increase employment and support businesses but the impact of its work is mixed;
 - performance on processing Housing Benefit claims has declined as the new integrated service is bedded in and becomes fully operational; and
 - progress in improving Welsh language services has been slow.
- 3 In the first part of our report, we conclude that the Council's performance in improving its services in 2011-12 has been mixed with some key services not improving and others facing significant pressures. We came to this conclusion because:
 - the Council has introduced a number of new initiatives during the year to support families living in poverty through the recession but their impact is not yet clear;
 - the Council's performance in preventing Torfaen residents from becoming homeless is mixed;
 - Estyn has judged education services as unsatisfactory and because of slow progress in addressing previous recommendations they now require special measures to improve services;
- 4 In the second part of our report, we conclude that the Council's corporate arrangements for managing performance are strengthening, but the effectiveness of self-evaluation is limited by weaknesses in the quality of some measures and evidence used by services to judge improvement. We came to this conclusion because:

- the Council has a good corporate framework for managing and challenging its performance, but the role of Scrutiny in overseeing and judging delivery of Improvement Objectives by services needs to be strengthened;
- overall, the Council's Performance Report is well structured and easy to read although there is limited detail on the evaluation of some Improvement Objectives which weakens accountability and hinders its ability to effectively judge progress and impact;
- whilst the Council has made some progress in improving its evaluation of performance, it is unable to consistently judge how well it is performing because weaknesses remain in the range and quality of its performance measures, and the balance and robustness of its evaluation of progress and impact; and
- corporate arrangements for coordinating and reporting performance are strengthening but some systems for managing performance within services are not robust.

5 Finally, the report sets out our views on how well the Council is planning for, and making arrangements to support, improvement. We concluded that the Council's clear strategic direction is helping the Council comply with its requirement to make arrangements to secure continuous improvement during 2012-13, although the Council faces significant challenges. We found that:

- The Council has discharged its improvement planning duties under the Local Government (Wales) Measure 2009 and has acted in accordance with Welsh Government guidance.
- The Council has made progress in addressing most of the areas for improvement we identified and has good systems in place to coordinate and manage the findings and outcomes of our work.
- The Council has a good track record of managing budgets and has set a balanced budget for 2013-14. Capital investment remains challenging and the Council faces some tough choices in balancing budgets in the medium term.
- Partners are strongly committed to the Gwent Frailty Programme vision and have created a sound programme management framework to underpin it. Gwent Frailty is in the early stages of implementation and challenges remain to ensure it is sustainable, to change established behaviours and to demonstrate its impact.
- A new Education Achievement Service for South East Wales has been created and is focussing on improving attainment within schools.

Detailed report

Introduction

- 6 Under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. **Appendix 1** provides more information about the Auditor General's powers and duties under the Measure. With help from Welsh inspectorates, Estyn (for education) and the Care and Social Services Inspectorate for Wales (the CSSIW), we have brought together a picture of what each council or authority in Wales is trying to achieve and how it is going about it. This report also sets out the progress the Council has made since the Auditor General published his last annual improvement report, drawing on the Council's own self-assessment.
- 7 We do not undertake a comprehensive annual review of all Council arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge and the findings of prioritised work undertaken this year.
- 8 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- recommend to Ministers of the Welsh Government that they intervene in some way;
 - conduct a special inspection and publish the report with detailed recommendations;
 - make formal recommendations for improvement – if a formal recommendation is made the Council must respond to that recommendation publicly within 30 days; and
 - make proposals for improvement – if we make proposals to the Council, we would expect them to do something about them and we will follow up what happens.
- 9 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@wao.gov.uk or writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.

Whilst the Council has a clear strategic direction and improving corporate arrangements for managing performance, service performance remains mixed and some services face significant challenges

The Council's performance in improving its services in 2011-12 has been mixed with some key services not improving and others facing significant pressures

10 The Council published its *Annual Self-Evaluation Report of Performance* (Performance Report) in October 2012 which records the Council's performance against the National Strategic Performance Indicators¹ and Public Accountability Measures². Proportionally the number of performance measures improving has increased from 38 per cent in 2010-11 to 49 per cent in 2011-12. However, the number of measures where performance has deteriorated has also increased, rising from 39 per cent in 2010-11 to 51 per cent in 2011-12 ([Exhibit 1](#)).

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

- supporting families and children living in poverty to get through the recession;

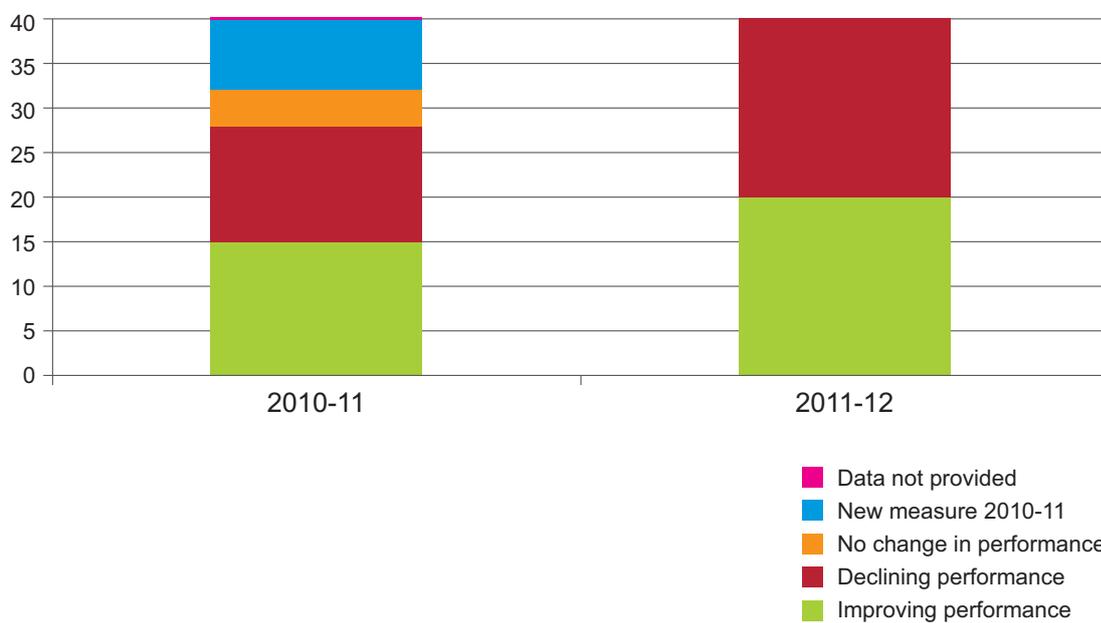
- preventing Torfaen residents becoming homeless;
- safeguarding children, especially those with additional (special) educational needs and supporting positive attitudes towards education;
- protecting the most vulnerable adults and supporting those with disabilities and other long term conditions;
- targeting support to deprived communities and families suffering from crime and anti-social behaviour;
- using resources wisely, to include maintaining the highway infrastructure and reducing energy consumption and waste; and
- supporting initiatives which generate employment and training for work opportunities.

12 Below we provide a brief analysis of how well the Council has performed in delivering improvement against these priorities during 2011-12. We have not reviewed performance against all the Council's improvement objectives.

1 The collection of statutory indicators to monitor performance in local authorities.

2 A small set of performance indicators that reflect those aspects of local authority work which local authorities agree are considered to be important in terms of public accountability. For example, recycling, educational attainment, sustainable development, etc. This information is published annually and reported nationally.

Exhibit 1: Torfaen County Borough Council's performance on National Strategic Performance Indicators and Public Accountability Measures - improvement in performance on the previous year: The Council's performance remains mixed.



Source: Torfaen County Borough Council, Performance Report, October 2012.

The Council has introduced a number of new initiatives during the year to support families living in poverty through the recession but their impact is not yet clear

- 13 Due to the economic climate councils face greater demands from citizens to provide them with advice to address this financial hardship and help them find suitable work. The Council has continued to promote information on the availability of benefits and other support through its monthly 'Torfaen Talks' communication, the Council's website and through advice provided by the frontline customer care centre. In addition, the number of citizens provided with benefits advice and other financial support through Communities First initiatives and the Supporting People service has increased. For example, the number of people receiving housing related support through the Supporting to People Programme increased from 797 in 2010-11 to 810 in 2011-12.
- 14 The Council is working hard to understand and communicate the impact of the new welfare reforms for its citizens. As a result of the reforms, the Council has seen a significant increase in the level of take-up and approval of additional Discretionary Housing Payments³. An additional 196 recipients had payments approved in 2011-12 compared to the previous year and overall expenditure on these payments has increased from £43,559 to £68,011 over the same period.

- 15 The Council has engaged in a number of projects and activities over the course of the year to encourage social inclusion and support families in need in the community, including the launch of its Families First programme⁴. Other initiatives include the parenting programmes and the schools family links programme where it has worked with families, particularly in its Communities First areas, to offer support on a wide range of issues affecting family life. The Council has determined a number of local indicator measures which show that families and parents are participating in these schemes. However it is less clear what impact these initiatives have had on service users and what outcomes have been achieved as a result.
- 16 The other strand of the Council's work has been to address health inequalities. Living a healthy lifestyle can not only prevent thousands of adults and children facing deteriorating health and a lower quality of life, but also alleviate financial pressures on public services such as health and social care costs. Data from the Welsh Health Survey in 2010 and 2011 shows that 62 per cent of adults in Torfaen are reported as being overweight or obese and only 25.3 per cent of adults reported being physically active for five or more days a week. This data places Torfaen as the county with the highest proportion of overweight and physically inactive citizens in Wales.

3 Each housing/council tax benefit department is given a pot of money each year to help people who qualify for housing or council tax benefit, but are having trouble paying their rent or council tax. The council decides who should be given the payments. When the money for the year runs out, no more payments can be made.

4 A multi-agency initiative to focusing on prevention and early intervention for families that are living in poverty.

17 One of the Council's improvement objectives is to provide opportunities for people to improve their health and it has made good progress in delivering a range of initiatives:

- In 2011-12, the Council implemented a number of schemes to encourage people to adopt healthier lifestyles. The 'Hearty Lives Torfaen' programme⁵ is progressing well and was established in 26 schools across the County Borough by the end of 2011-12. In this period 7,731 teachers and pupils aged 16 or over participated in these activities through the school curriculum.
- Children in Torfaen are also encouraged to participate in physical activity through the Active Young People Scheme. Wider participation was encouraged during 2011-12 through involvement of primary feeder schools at secondary school events. Overall participation rates of young people within the Torfaen area in the scheme increased from 18,414 in 2010-11 to 21,384 in 2011-12.
- The Council's review of promotional material used to promote the National Exercise Referral Scheme⁶ achieved a considerable increase in patient referral rates. The number of referrals increased from 779 in 2010-11 to 1,099 in 2011-12. Levels of attendance by Torfaen patients at their first referral averaged at 79 per cent for 2011-12, which also showed an improvement on the previous year.

18 Whilst there is improved take up and participation in initiatives, it is unclear what the beneficial health impact has been.

The Council's performance in preventing Torfaen residents from becoming homeless is mixed

19 Homelessness continues to be a significant challenge in Wales and a problem that afflicts the lives of many citizens. Councils have a statutory duty to provide assistance to people who are homeless or threatened with homelessness. Councils must consider all applications from people seeking accommodation or who require help in getting accommodation. A household is eligible under the main homelessness duty if it is unintentionally homeless and falls within a defined priority need category, such as households with dependent children, or is vulnerable for some other reason.

20 In 2011-12 the Council prioritised action on preventing Torfaen residents becoming homeless by: raising awareness of available housing options; ensuring the range and quality of housing is appropriate to meet people's needs; and enabling good, sustainable housing development. The Council prioritised a range of actions to improve services. We found good progress has been made in reducing the number of empty homes in Torfaen with all owners provided with a pack that provides options to assist them in bringing their property

⁵ The British Heart Foundation 'Hearty Lives Torfaen' Programme focuses on tackling obesity and is delivered in partnership with Aneurin Bevan Health Board.

⁶ The National Exercise Referral Scheme is a Welsh Government funded scheme which has been in development since 2006 to standardise exercise referral opportunities across all local authorities and Local Health Boards in Wales and targets clients who are at risk of developing chronic disease.

back in to use. Similarly, the Homeseeker⁷ allocations scheme was revised and new options introduced to address identified needs resulting from the changes to welfare benefits.

21 In other areas, progress in delivering actions has not been as positive. For example, no information is reported in the Council's 2011-12 Performance Report on how the housing solutions service has contributed to reducing homelessness. Likewise the implementation of a new scheme of property appreciation loans for private home owners received no funding and the company processing applications went into liquidation.

22 In terms of judging performance, the Council set nine indicators across its three improvement objectives to judge success in preventing homelessness. Of these, five recorded a deterioration in performance and four measured an improvement in performance between 2010-11 and 2011-12. For example:

- The number of the Council's homeless decisions fell by 16 per cent between 2010-11 and 2011-12, from 430 to 360 respectively. This improving performance is a result of the Council's homeless prevention work, and places the Council as having the sixth lowest number of homeless decisions in 2011-12.

- The number of homeless households decided to be eligible, unintentionally homeless and in priority need remained at 190 in 2011-12, the same as in 2010-11. This number of decisions placed the Council as the eighth best performer of the 22 Welsh councils in 2011-12.
- In relation to preventing homelessness for at least six months for all potentially homeless households, the Council's performance deteriorated from 88.43 per cent in 2010-11 to 85.71 per cent in 2011-12. This percentage placed the Council as the seventh best performer in 2011-12.
- The number of empty homes in Torfaen reduced significantly by 11.1 per cent between 2010-11 and 2011-12 falling from 262 to 233. However the proportion of new build housing that is affordable also declined proportionally falling from 46.85 per cent to 32.62 per cent in the same period.

23 In addition, the Council adopted 14 new measures for 2011-12 which we will track performance against in the future.

⁷ Homeseeker is a common housing waiting list for applicants who wish to rent properties from Bron Afon, Melin Homes, Charter Housing, Hafod Housing Association and Linc Cymru in the Torfaen CBC area.

Estyn has judged education services as unsatisfactory and now require special measures to improve services

- 24 The Council has prioritised four specific areas for improvement with regard to education and services to young people. These are to:
- ensure learning for all children and young people is inclusive and accessible;
 - ensure children are safe;
 - develop educational provision for pre-school children; and
 - support and protect vulnerable children.
- 25 We work closely with, Estyn (Her Majesty's Inspectorate of Education and Training in Wales) who inspect how well councils are helping children and young people develop their skills. Estyn has a regular programme of inspections of pre-school services such as nurseries, schools, colleges and youth services. We work with Estyn to assess how well the Council supports all these services to help children and young people develop.
- 26 In October 2011 Estyn inspected the Council's education service for children and young people and judged its performance as unsatisfactory and its prospects for improvement as adequate. In February 2013, Estyn visited the authority to monitor progress against the 2011 inspection recommendations. Estyn concluded that the Council has made limited progress against most of the recommendations, improvements have been slow and standards in secondary schools remain

unsatisfactory. Estyn concluded that special measures are required in relation to the Council's education services and the Minister for Education and Skills is currently agreeing a way forward in respect of these services.

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

- 27 A key priority for the Council is to ensure there are robust safeguarding arrangements in place to protect children in need in Torfaen. The Council has recently completed a review of services and created a new Children and Family Service with four locality teams to better respond to increasing demand. The Council has also reviewed its management of serious cases and has developed an action plan to improve management practices and joint working with partner agencies. Performance has, however, remained mixed:
- The number of children on the child protection register has reduced, falling from 178 in 2010-11 to 152 in 2011-12. However, the number of children looked after has increased, rising from 289 in March 31 2011 to 300 in March 31 2012. This was the seventh highest number in Wales in 2011-12.
 - The proportion of reviews completed within statutory timescales has improved, rising from 92.2 per cent in 2010-11 to 94.62 per cent in 2011-12. The Council was the third best performer of the 22 councils in Wales in 2011-12.

- In 2011-12 only 23.49 per cent of child protection conferences were held within the statutory 15 working days, falling from 32.6 per cent in 2010-11.
- The Council implemented a new anti-bullying strategy within its schools in 2011-12, but it is unclear whether the strategy has resulted in improvement. The Council reports that there were 636 bullying incidents in 2011-12. However, we have concerns that this figure may not be accurate and capture all occurrences. Our audit of the Council's systems for managing performance indicators identified that the Council did not issue formal guidance or set clear definitions to ensure that incidents of bullying were consistently identified and reported by its schools. We consequently qualified this indicator as substantially inaccurate.

Performance in protecting the most vulnerable adults, those with disabilities and other long term conditions is mostly declining and pressures within adults services are significantly increasing

28 The Council has a clear commitment to promoting independence and supporting adults to live in the community and has set four priorities for improving services to vulnerable and disabled people in Torfaen. These priorities are to: improve access to social care services; ensure people's needs are assessed in a timely manner and the care provided is appropriate; ensure the range and quality of social care services is appropriate to meet people's needs; and promote people's independence.

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

- Performance in relation to the number of delayed transfers of care, per 1,000 population aged 75 or more deteriorated, rose from 5.74 in 2010-11 to 6.27 in 2011-12. The Council was the sixth worst performer of the 22 councils in Wales in 2011-12 with performance below the Welsh average of 5.03 and in the bottom quartile for performance.
- Older people helped to live at home, per 1,000 population aged 65 or more, deteriorated, falling from 138.45 in 2010-11 to 124.32 in 2011-12. Nevertheless, this is the third best performance for the 22 Welsh councils and well above the national average of 78.6.
- The proportion of adult protection referrals that are risk managed deteriorated from 78.1 per cent to 75 per cent between 2010-11 and 2011-12. This percentage placed the Council as the third worst performer amongst the 22 Welsh councils.
- The number of people in council funded residential and nursing care per 1,000 population aged 65 or more improved from 22.03 in 2010-11 to 21.57 in 2011-12 placing the Council 14 out of 22 in Wales. This number is slightly worse than the Welsh average performance of 21.35.
- In 2011-12 the Council supported 87.3 per cent of its adults to live independently in the community. This percentage was the ninth best performance for the 22

- Welsh councils and better than the Welsh average of 86.55 per cent.
- The Council's performance in relation to the speed at which it delivers its Disabled Facilities Grants has continued to deteriorate over the last three years, rising from an average 206 days in 2008-09, to 351 days in 2010-11 and to 412 days in 2011-12. This performance placed the Council's at 19 out of the 22 Welsh Councils in 2011-12. Likewise the number of people reporting satisfaction with the overall outcome of the Disability Facilities Grant process deteriorated with positive satisfaction ratings falling from 95.5 per cent in 2010-11 to 89.39 per cent in 2011-12. In 2011-12, the Council's revenue expenditure per head of population on disabled facilities grants reduced to £504 per head from £531 per head in 2010-11. This expenditure placed Torfaen seventh highest in terms of spending on disabled facilities grants of the 22 councils in Wales.
- 30 CSSIW published its *Annual Review and Evaluation of Performance for 2011-2012* for social services in Torfaen in October 2012. The evaluation report outlines a number of areas of progress as well as areas for improvement or development. The report can be found on the CSSIW website: (www.wales.gov.uk/cssiwsite/newcssiw/publications/lareviews/20112/?lang=en). The following paragraphs are drawn from the report.
- 31 "Needs in the population have been high and pressure on social services has continued to increase. Social services were asked to make considerable savings in 2010-11 alongside other departments in the Council. Additionally, a larger proportion of its staff took voluntary severance, so that overall social services took the biggest cut in the Council. That legacy has continued to make an impact in 2011-12 increasing workload pressures. Social services had to reduce costs where possible while maintaining crucial services safely. Although this has been achieved and the budget balanced many of the areas for improvement identified as priorities in the Director's report last year have not occurred.
- 32 The Director's report explains the context within which social services has operated and how responses to people who use services have been made. It gives a comprehensive and detailed account of the past year, setting the local context with a clear account of the achievements and challenges social services has faced and continues to face. The report indicates positive progress, such as staff attendance rates and continued investment in workforce retention and development. In particular, challenge of balancing financial constraints with meeting individual needs has been well expressed."
- 33 CSSIW also identified a number of social care service risks for the Council to mitigate. These include:
- A decline in performance by the service on a number of key performance indicators.

- Caseloads have been high and demand has continued to increase, which may begin to impact on the previously improved position on staff recruitment and retention in children's services.
- Adult services under spent its budget by curtailing planned improvements. This is not sustainable in the longer term if the Council wishes to continue to provide a modern and responsive service.

Performance on reducing anti-social behaviour is mostly improving but the impact on communities and citizens is not yet clear

34 The Council's Community Safety Team continues to work closely with Gwent Police and other partners to tackle the causes and effects of anti-social behaviour. The Council is making very good progress in increasing the number of young people successfully completing restorative justice disposals⁸. This process gives the opportunity for victims to meet their perpetrators, have a say in how the offence is resolved and ensure that perpetrators understand the impact that their behaviours have had on victims' lives. Completed restorative justice disposals have improved significantly from 34 in 2010-11 to 102 in 2011-12. The number of first time entrants into the Criminal Justice System is also falling year on year from 84 in 2010-11 to 75 in 2011-12. However, the Council did not meet its target in relation to the take up of young people engaging in restorative justice disposals where an acceptable behaviour contract

was issued. There were no restorative justice disposals completed in this respect in 2011-12.

35 The Council's Public Protection team carried out a number of test purchases at pubs and premises to re-educate licensees on Licensing Act requirements visiting 33 premises during 2011-12. Other prevention measures were also put in place, including the rollout of additional neighbourhood watch schemes. However, it is unclear what the level of interventions have been from these schemes and whether local communities are seeing reductions in anti-social behaviour as a result.

The Council has made good progress in rationalising office space and reducing energy consumption as part of its priority to use resources wisely

36 The Council continues to make good progress in the rationalisation of its estate and delivering its corporate accommodation plans. Approximately 500 council staff have now vacated offices based at County Hall in Cwmbran, and have been relocated to other existing Council office accommodation promoting a more agile way of working using a seven desk to 10 employee ratio. This relocation includes use of office space contained within Police Headquarters and Pontypool police station following successful collaborative discussions with Gwent Police. This rationalisation programme has reduced overall gross corporate office space occupied from 17,500 square metres in 2010-11 to 11,400 square metres in 2011-12.

⁸ A pilot measure that offers a quick and proportionate response a young person's low-level offending and allows victims to have a voice in how the offence is resolved.

37 The Council's alternative working strategy sets out its principles for supporting remote and alternative working methods and promoting a more flexible working environment. A total of 949 laptops have been provided to enable more flexible working arrangements for Council employees. Whilst it is clear that there is the potential to realise significant revenue savings as a result of these changes, it is less clear what impact, if any, these alternative models of working has had on service delivery, outcomes for citizens and service users and employee job satisfaction and morale.

38 A number of programmes have been delivered over the last two years to help reduce carbon emissions and fuel consumption across directly controlled council buildings and assist in the achievement of relative reductions in energy costs. These include insulation of valve and pipe work at 30 schools; provision and installation of 'Powerdown' devices for shutting down computers; and installation of light controls at numerous properties. These have contributed to an overall reduction in carbon dioxide emission from 11,344 tonnes in 2009-10 to 8,948 in 2011-12. Relative energy costs also reduced over this period from £2.7 million to £2 million.

The Council is delivering programmes to increase employment and support businesses but the impact of its work is mixed

39 The Council has set an improvement objective to support its communities to become sustainable, empowered and prosperous. Our review of the Council's progress against this objective shows that the Council delivered a number of initiatives during 2011-12 to help residents find routes into employment and attract businesses to the area.

40 The Council has continued to support the establishment of new businesses and expansion of existing business through its Local Investment Fund which, has awarded grants to 95 companies and supported the creation of 211 jobs since its establishment in 2009-10. Likewise its Technium Springboard⁹ helped to attract five new digital businesses and 35 new jobs in the local area during 2011-12. Performance against other Council measures show that the overall number of people enrolled on the 'Bridges into Work' and 'Working Skills for adults'¹⁰ programmes were along similar levels to the previous year with 2,513 people enrolled in 2011-12 compared to 2,565 in 2010-11.

⁹ Technium is a network of 12 innovation centres across Wales, supporting the growth of young science and technology businesses. Technium is a partnership between the Welsh Government's Department for the Economy & Transport, higher and further education institutions in Wales and the private sector, and has received support from EU structural funds.

¹⁰ Bridges into Work and Working Skills for Adults are European Social funded project which support local people to gain the skills and confidence to help them move towards employment.

- 41 Performance against national comparative data suggests a mixed picture of success:
- There has been an improvement in the number of people in employment in Torfaen. The Office for National Statistics Information Service¹¹ (NOMIS) records that the number of people in employment increased from 36,200 in 2009-10 to 37,800 in 2011-12. Torfaen has the eighth lowest employment rate amongst the 22 Welsh councils, recording 65 per cent of its working age population in employment in 2011-12. This figure is below the Welsh average of 66.6 per cent.
 - There has been an increase in the number of Torfaen residents claiming unemployment benefits. The number claiming unemployment related benefits rose from 2,625 in April 2011 to 3,102 in April 2012, a rise of 1.1 per cent between 2010-11 and 2011-12 from 4.6 per cent to 5.5 per cent. In 2011-12 Torfaen had the fifth highest proportion of claimants in Wales and performance was worse than the Welsh average of four per cent. The proportion of the working age population looking for employment has also increased from nine per cent to 12.9 per cent between 2010-11 and 2011-12.

- 42 With regard to supporting business start-ups, national data published by the Office of National Statistics shows that the number of active business enterprises in Torfaen fell from 2,110 in 2009 to 2,010 in 2011. As a measure of success, the UK Competitiveness Index¹² is a good barometer to judge how well councils, regions and countries in the UK are performing in attracting new private sector investment as well as supporting existing businesses to flourish. Because the Index is published every two years data is not available to make an assessment for 2011-12. In 2010 Torfaen was ranked 370 out of the 379 councils, the tenth least competitive place for new businesses in the UK. In 2008 the Council was ranked 373 out of 379. Comparatively, Wales is the least competitive region in the UK.

Performance on processing Housing Benefit claims has deteriorated as the new integrated service is bedded in and becomes fully operational

- 43 During 2011-12 Torfaen and Monmouthshire combined to form the first shared service for Housing Benefit and Council Tax processing in Wales. (The shared service became fully operational from April 2012 when all staff transferred to Torfaen).

¹¹ NOMIS is a web-based database of labour market statistics.

¹² The UK Competitiveness Index represents a benchmarking of the competitiveness of the UK's regions and localities and has been designed as an integrated measure of competitiveness focusing on both the development and sustainability of businesses and the economic welfare of individuals. The Index therefore considers the capability of a local economy to attract and maintain private businesses with stable or rising market shares in an activity, while maintaining stable or increasing standards of living for those who participate in it.

- 44 During this transitional year the time taken to process both new Housing Benefit claims and change of circumstance notifications lengthened in the Torfaen caseload whilst significant managerial time and effort was applied to implementing the shared service arrangements. The average time taken to process new claims during 2011-12 was 30 days, significantly higher than the Welsh average of 21 days and the second worst in Wales. The percentage of new Housing Benefit claims decided within 14 days in 2011 12 also fell and is the same as the Welsh average of 91 per cent. Although 93 per cent of claims were calculated correctly in 2011-12, remains below the Welsh average of 95 per cent. The service performs effectively in dealing with overpayments and 81 per cent of overpayment debt identified and recovered during 2011-12 is above the Welsh average of 72 per cent. Performance in dealing with counter fraud activities has been maintained.
- 45 Further integration of processes and systems is planned and we will continue to monitor performance during the current year.

Progress in improving Welsh language services has been slow

- 46 The role of the Welsh Language Commissioner was created by the Welsh Language (Wales) Measure 2011. Over time, new powers to impose standards on organisations will come into force through legislation. Until that time, the Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993. 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. The Commissioner summarises her views of Welsh language services in Torfaen as follows:
- 47 “The Council has already agreed on those areas that require attention in the next period and that are priorities for the implementation of the Welsh Language Scheme. Among them is a bilingual corporate website. The Council has missed the target in the Scheme of increasing the Welsh language content of the website. It is not yet clear what is preventing progress and negotiations will continue to ensure improvement. The Council will also be expected to improve arrangements for collecting and storing data on the language skills of the workforce. The outcomes should then be acted upon by identifying training needs, and the Council should consider how it can address gaps in current provision, such as a shortage of Welsh speakers in front line jobs. It is also expected that an increased number of departmental plans give consideration to the Welsh language, as only a limited number do so at present.”

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

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

48 In our December 2012 *Improvement Assessment Letter* to the Council, we reported that the Council had published its annual self-evaluation report of performance (Performance Report) in October 2012. We noted that the Council could act more in accordance with Welsh Government guidance by reporting more clearly on the benefits of collaboration and making the report more accessible to citizens.

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

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

of corporate priorities. We found good evidence of this 'Golden Thread' and the link between corporate priorities to service and team plans.

50 It is clear that within the Council, performance management is seen as important and necessary and is actively used to support managers to improve performance and the services the Council delivers. We found that the Council has created a strong central policy team that oversees, coordinates, audits and actively manages performance. This team has enabled the Council to implement a well-understood and consistent system for performance management. Performance information is collated, managed and reported via Ffynnon¹³, which is embedded and extensively used throughout the Council. Staff within services acknowledge that they are responsible for their performance and understand how their work relates to delivering the Council's Improvement Objectives and corporate priorities.

51 Each Improvement Objective is supported by a series of activities and measures that are managed and delivered by the appropriate service area and monitored throughout the year as part of the Council's performance management framework. Importantly, the Council has introduced key internal challenge processes within this system to both challenge and manage improvement. The Council has created an Executive Member for Performance who meets with Cabinet Portfolio holders and Heads of Service to review performance and delivery

13 Ffynnon is a nationally procured software solution to meet the performance management requirements of local authorities, fire and rescue services, national park authorities and their partners.

of Service Improvement Plan priorities quarterly. Likewise, the Chief Executive holds challenge meetings with Heads of Service to focus on addressing under performance. These are good systems to focus on managing and improving the work of the Council.

- 52 We found that the 2011-12 Performance Report highlights the importance of challenge and the key role played by the Audit Committee and the Overview and Scrutiny Committees in holding the Cabinet and Council to account. Our fieldwork, however, found that reporting on delivering Improvement Objectives is still not consistently undertaken. For example, whilst the 2011-12 forward work programme for the Safer Communities Overview and Scrutiny Committee identified that a report on progress in delivering the Council's Improvement Objectives was to be presented to the Committee, we found that this did not happen. This lack of reporting limits the opportunity for independent challenge and scrutiny of services and weakens accountability. This was echoed by Estyn in its recent monitoring visit letter which noted that elected members on Scrutiny were often not able to hold officers and schools to account well enough. Opportunities therefore remain for the Council to strengthen its internal challenge within and across services, and by councillors through Scrutiny.

- 53 The Council has reviewed its scrutiny arrangements and the new arrangements are bedding in well. It is also currently undertaking a review of performance management through its new scrutiny committees and is proposing new arrangements to strengthen performance management, reporting and evaluation by both officers and Councillors. Estyn in its recent monitoring visit letter noted that the Learning Communities Overview and Scrutiny Committee is now more effective because it focuses on fewer priorities and is more challenging to services. The committee receives a more substantial range of information regarding service and school performance. We will review this new system and report back on its effectiveness in the future.

Overall, the Council's Performance Report is well structured and easy to read although there is limited detail on the evaluation of some Improvement Objectives which weakens accountability and hinders its ability to effectively judge progress and impact

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

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

56 We found evidence of ownership and accountability for the delivery of activities within individual services, and that every service, department and individual has a key role to play in ensuring that these Improvement Objectives are met. This ownership and accountability is positive as the Council has taken a holistic view of its Improvement Objectives and identified the contribution all services make to delivering strategic priorities. Likewise, CSSIW notes that the Council's Director's report gives a comprehensive and detailed explanation of the past year, setting the local context with a clear account of the achievements and challenges social services has faced and continues to face. However, we found that on some Improvement Objectives the narrative focuses on judging a series of actions rather than summarising the totality of performance in delivering the Improvement Objectives and does not enable the Council to judge how well it is doing and the impact it is having

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

57 Effective self-evaluation is dependent upon the creation of a culture that routinely challenges and evaluates its own performance objectively, values and uses information well, and has good standards of, and a focus on, quality data and reporting to enable a rounded judgement of performance. In our December 2012 *Improvement Assessment letter* we highlighted that whilst some progress has been made in how the Council judges its performance, weaknesses and inconsistencies remain in the quality and robustness of its assessment and further work remains to be done to improve coverage and reporting.

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

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

60 The analysis of the Council's performance against national indicators has also been further developed in 2011-12. Overall, the Council presents this information well although it could be further improved by the inclusion of the Council's change in ranking over time to judge more effectively the rate of comparative improvement.

61 However, our review found that in some areas the Council's evaluation is not rounded, balanced or robust. We identified a number of weaknesses:

- The Performance Report does not consistently state where performance in delivering actions has been poor and improvement has been limited. Whilst the Performance Report clearly identifies actions that have been taken in relation to these projects, the report does not indicate whether the Council is on or off target or what their impact has been.

- In a number of Improvement Objectives the focus of activity is very narrow and does not allow for a rounded assessment of progress.
- Setting targets can be a helpful method to challenge the organisation or a specific service area to do better. The Council's Performance Report does not assess its performance against any targets, even where they exist. This lack of assessment means the Council and its citizens are unable to judge whether the Council is making the level of improvements it intended.
- Similarly, the Performance Report does not provide a rounded summary of progress against appropriate all-Wales priorities.
- Councils are encouraged to include in their evaluation of their performance the results of peer reviews, scrutiny assessments and other sources of more qualitative information such as customer satisfaction with services and benchmarking data. The Performance Report lacks breadth of analysis in some areas and is primarily focused on assessing performance against national statutory performance indicators.

62 In our December 2012 Improvement Assessment letter we reported that performance measures used for some Improvement Objectives are still too focussed on judging an improvement in processes and not delivering better outcomes for citizens. For example, under the Improvement Objective to encourage social inclusion, the Performance Report

provides details of a number of positive changes, such as increased awareness, enrolment and participation in these schemes, but does not provide any measures of the success and impact of these schemes. This is despite the Council undertaking assessments with participants which have resulted in positive feedback on a number of these schemes. It consequently makes it difficult to gauge from the Performance Report what the impact of these services is having on local families requiring additional support.

- 63 These weaknesses in self-evaluation are echoed by the findings of Estyn's recent monitoring visit letter. Inspectors noted that whilst the Council's self-evaluation submission to Estyn is more focused and evaluative than in previous years, it still does not focus sufficiently on the adverse impact that a few significant areas for development have on the authority's prospects for improvement in education. In addition, success measures used at service level in education do not enable managers to demonstrate sufficiently the impact of their action on service outcomes or the achievement of priorities. Success criteria remain largely focused on the completion of tasks and activities. This means that it is difficult to hold officers to account for their performance and to monitor the impact of their work.

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

- 64 Every council needs to have good information and use it well if it is to provide good services and make them even better. The Council has well-established corporate systems, using Ffynnon, for reporting its performance and we have recently audited these systems to assess how effective and reliable these arrangements are. The measures selected for audit were a mixture of National Strategic Indicators, Public Accountability Measures, Service Improvement Datasets, and local measures developed by the Council. All those audited are measures the Council uses to judge how well it is delivering its Improvement Objectives and whether it is making a difference for citizens.
- 65 We found that of the 23 measures we audited, two local indicators had to be qualified and one needed to be corrected for errors. This is a deterioration in performance from 2010-11, when we identified no system issues for the management and reporting of performance indicators. Estyn in its most recent monitoring visit letter also noted some weaknesses in the accuracy of some education measures. The Council should ensure that it has clearly defined each of its local indicators, which will enable it to consistently and accurately record and report performance within services.

- 66 The auditor appointed by the Auditor General recently gave his opinion on the Council's accounts and based on this the Appointed Auditor's view is that the financial statements were generally satisfactory. Appendix 3 gives more detail.

The Council's clear strategic direction is helping the Council comply with its requirement to make arrangements to secure continuous improvement during 2012-13, although the Council faces significant challenges

67 The local authority elections in May 2012 saw the ruling Labour group at the Council retaining power with an increased majority. The Leader of the Council has continued in post and there is a high degree of continuity with many of the cabinet members returning to the Council.

68 Management arrangements within the Council are similarly characterised by stability. The senior management team comprising of the chief executive, deputy chief executive and two assistant chief executives has been unchanged and in place for a number of years. Stability in the Council's leadership over the past few years has provided the organisation with a clear strategic direction and enabled it take tough decisions. Nonetheless, with fewer resources available to support improvement, deteriorating performance in some areas and reducing capacity, the Council like all public sector bodies in Wales faces significant challenges.

69 We have concluded that the Council is complying with the requirement to make arrangements to secure continuous improvement during this financial year. We will continue to monitor and report on the Council's plans going forward and will report on whether this programme of change is delivering the benefits that are envisaged.

The Council has discharged its improvement planning duties under the Local Government (Wales) Measure 2009 and has acted in accordance with Welsh Government guidance

70 The Council published 'Our Forward Facing Plan for the Financial Year 2012-13: Delivering Corporate Plan 2' in June 2012. In 2011-12 we reported that the number of Improvement Objectives the Council set had increased from six to 25 and, due to the financial climate, the Council was proposing to review its Improvement Objectives to determine whether it could deliver all of them over the lifespan of its Corporate Plan 2. The Council has a clear strategic direction and its Improvement Objectives are appropriately focused on delivering the Council's priorities. For 2012-13 the Council has prioritised improvement objectives relating to schools, social care and waste. For subsequent years the Council has indicatively set its priorities, although these will be reviewed and confirmed annually.

71 The Council has set out a clear rationale for selecting the areas it is focusing on improving, based on: its current performance; the Council's Corporate Plan 2 (2011-2016); stakeholder and partner views; and consultation with citizens completed in November 2011. However, the link between the Improvement Objectives and accompanying measures of success, baseline data and targets for improvement are not consistently evidenced. Some links are very clear and show the intended impact of improvement, such as the Improvement Objective to ensure people receive the

benefits they are entitled to. Here, the measures of success focus on benefit take up and reducing unemployment and it is clear what the Council is seeking to improve. In other Improvement Objectives, the measures for assessing whether anyone is better off are not as detailed or effective. For example, the Improvement Objective to ensure learning for all children and young people is inclusive and accessible.

72 Delivery of the Improvement Objectives is underpinned by Service Improvement Plans, which provide information on actions, measures of success and timescales to deliver the Objectives. The line of sight between the individual Improvement Objectives and the Service Improvement Plans is generally good. For example, the Communities Service Improvement Plan is aligned with the relevant Objectives and broadly captures the actions and measures relating to its delivery. In a small number however, the alignment is neither as clear nor as robust. For instance, the Education Service Improvement Plan does not always clearly identify how activity contributes to the Council's strategic priorities or its underlying principles and themes. Overall, the Council has made good progress in refining its corporate planning arrangements and further work on addressing gaps such as these will further strengthen delivery.

73 The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 set out specific requirements for all public bodies in Wales. They are required to develop and publish Equality Objectives and a Strategic Equality Plan by 2 April 2012. There is significant alignment between the requirement to

produce Equality Objectives and the 'Fairness' element that authorities must pay consideration to in setting improvement objectives under the Measure. The Council's *'Our Forward Facing Plan for the Financial Year 2012-13: Delivering Corporate Plan 2'* includes some information on the Council's equality impact assessment work, particularly in relation to budget setting, and the Council's 'Equality Promise', which sets out how the Council is prioritising services to those people (on the basis of protected characteristics) who are most vulnerable to disadvantage and inequality. We believe the Council has met the requirements of the Act in setting its Improvement Objectives.

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

74 In our September 2012 *Improvement Assessment Letter* to the Council, we reported that overall, the Council had made progress against most of our proposals for improvement. The Council has established appropriate systems to report the findings of our work and to manage delivery of areas for improvement and recommendations arising from this work. A Corporate Improvement Single Action Plan, which draws together the findings of our Corporate Assessment and Annual Improvement Work, is used to co-ordinate how services are addressing our conclusions and is monitored by the Council's Audit Committee.

75 We also found that full Council, the Cabinet and Audit Committee have received our Corporate Assessment and Annual Improvement Reports. This allows Members to assess how the Council is performing and consider an independent view of the Council's approach to deliver improvement for its citizens. Implementation of the proposals for improvement arising from our recent service based reviews is generally managed within services through the Council's Service Improvement Plan process.

76 To trace the delivery of these proposals for improvement, we have undertaken a stock take on progress in addressing the proposals for improvement of our Technology Review, which was reported to the Council in September 2011. We found that the proposals for improvement identified are either being implemented or there are plans in place to implement them and the Council has established appropriate arrangements to manage, monitor, evaluate and scrutinise this work to ensure our proposals for improvement are implemented effectively.

The Council has a good track record of managing budgets and has set a balanced budget for 2013-14. Capital investment remains challenging and the Council faces some tough choices in balancing budgets in the medium term.

77 In our September 2012 *Improvement Assessment Letter* to the Council we reported that Council has good arrangements in place for setting and managing budgets. The Council continues to focus on its priorities, whilst seeking to maintain stability in frontline service delivery and to avoid compulsory redundancies. To achieve this, whilst setting a balanced budget, the Council has needed to use an element of corporate reserves and consider alternative ways of delivering services. Significant work has been undertaken on shared services and collaboration with neighbouring councils and other public sector bodies.

78 The Council has a good a track record in delivering revenue budget savings and operating within its budget. The 2012-13 revenue budget is £159.4 million. At the end of September 2012 the Council was projecting a year end underspend of £0.6 million. Nevertheless, the Council faces significant financial challenges over the next few years due to anticipated reductions in both revenue and capital funding from Government and increased demand for some services.

79 In February 2013 the Council approved its 2013-14 budget and is proposing savings of £7.2 million to balance the budget and had identified a series of mitigation actions for services to deliver. Looking forward, the Council is also predicting a cumulative shortfall of £24.5 million over the period 2014-15 to 2016-17. The Council has set a capital budget of just under £11 million for 2013-14. Current expenditure is significantly below what is required to deliver all the Council's capital investment priorities. The Council continues to undertake work to ensure it has sustainable budgets in the long term.

80 We reported in September 2012 that limited work has been undertaken on assessing the financial impact of demographic change, primarily because medium term needs and demand information is not well developed and readily available. The Council has recently collated information at a headline level to show the impact of budget decisions and changes resulting from service reviews. For example, the impacts of the roll out of the Gwent Frailty programme. However, the effect on citizens of reductions in spending and changes in how services are delivered is, in some other areas, not always apparent. We are currently completing detailed work on the impact of budget savings on three services to ascertain their ability to continue to deliver the Council's statutory requirements with less money and their sustainability in the long-term.

Partners are strongly committed to the Gwent Frailty Programme vision and have created a sound programme management framework to underpin it. Gwent Frailty is in the early stages of implementation and challenges remain to ensure it is sustainable, to change established behaviours and to demonstrate its impact

81 From April 2011, Aneurin Bevan Health Board and Blaenau Gwent, Caerphilly, Monmouth, Newport and Torfaen Councils began implementing an ambitious integrated model of health and social care called the Gwent Frailty Programme. This Programme has legal status under a Section 33 Partnership agreement¹⁴ between the Health Board and the five local authorities and is supported with £6.9 million of Invest to Save Funding from the Welsh Government. The aims for the Programme have significant relevance to the way in which the public sector bodies involved use their resources and are central to the delivery of improvement priorities at all agencies involved.

82 The Wales Audit Office undertook an initial review of the arrangements for implementation of the Gwent Frailty Programme, focused on providing early assurance in relation to governance arrangements and direction of travel towards achieving intended aims and outcomes, rather than an evaluation of success. We concluded that Partners are strongly committed to a shared vision for the Gwent Frailty Programme and have created a

¹⁴ A partnership agreement under Section 33 of the National Health Service (Wales) Act 2006 has been established to allow for the integration of health and social care services and the pooling of budgets to deliver the Gwent frailty project.

sound programme management framework to underpin it. The Programme is in the early stages of implementation and challenges remain to ensure it is sustainable, to change established behaviours and to demonstrate its impact.

- 83 Our specific report on the Gwent Frailty programme contains proposals for improvement. These are being taken forward by the Gwent Frailty Programme Board and an action plan to address these recommendations is being completed. We will continue to review progress with the programme and will also monitor the action plan. We also anticipate undertaking follow-up work.

A new Education Achievement Service for South East Wales has been created and is focussing on improving attainment within schools

- 84 The South East Wales Consortium in September 2012 established the Education Achievement Service for South East Wales¹⁵. This consortium has been created by the five local authorities to raise education standards. The consortium will monitor, support and challenge schools to improve attainment levels. The intended benefits of the service include increased capacity to support schools that require challenge, using data more effectively to focus on outcomes, identifying good practice across schools that can be used to improve outcomes, more efficient administration and facilitating professional learning communities.

¹⁵ It comprises the five local authorities of Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen and is a jointly owned company limited by guarantee to deliver improvement support for schools and drive educational attainment.

Appendices

Appendix 1 Status of this report

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

This report has been produced by the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges 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 informed by 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. This report also summarises the Auditor General's conclusions on the authority's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in this published annual improvement report (under section 24). This will also summarise any reports of special inspections.

An important ancillary activity for the Wales Audit Office is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2

Useful information about Torfaen and Torfaen County Borough Council

The Council

The Council's revenue budget is £221 million for 2012-13. This equates to about £2,421 per resident. In the same year, the Council also had a capital budget of £18 million.

Band D council tax in 2011-12 for Torfaen was £1,180 per year. This has increased by 2.4 per cent to £1,208 per year for 2012-13. Eighty five per cent of Torfaen's housing is in council tax bands A to D.

The Council is made up of 44 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

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

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

- Peter Durkin, Deputy Chief Executive
- Dave Congreave, Assistant Chief Executive – Communities
- Nigel Aurelius, Assistant Chief Executive – Resources

Other information

The Assembly Members for Torfaen for 2011-2016 are:

- Lynne Neagle, Torfaen, Labour
- Nick Ramsey, Monmouthshire, Conservative
- Mohammad Asghar, South Wales East, Conservative
- Jocelyn Davies, South Wales East, Plaid Cymru
- Lindsay Whittle, South Wales East, Plaid Cymru
- William Graham, South Wales East, Conservative

The Members of Parliament for Torfaen for 2010–2015 are:

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

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

Appendix 3

Appointed Auditor's Annual Audit Letter

The auditor appointed by the Auditor General issued the following auditor's report (on 26 November 2012) as set out in Auditor General Guidance 08-2010 as issued to be issued to the body.

Independent auditor's report to the Members of Torfaen County Borough Council

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 28 September 2012 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on the 12 September 2012. The most significant of these were:

- The correction of an error of £1.73 million in relation to the valuation of the site at Trevethin Comprehensive School, following its reclassification as an asset held for sale. International accounting standards require this to be recorded at the lower of its fair value less costs to sale and its current carrying value. The Council initially incorrectly recorded this at the higher amount.
- The correction of an error in relation to laptops purchased as part of the 14-16 digital learning programme. My work confirmed that, as at 31 March 2012, laptops totalling £269,211 had already been transferred to one school within Monmouthshire, as part of the rollout of the scheme. However these assets were incorrectly recorded as an impairment in the Council's accounts and should have been derecognised from the Council's books as a disposal at the balance sheet date.
- In July 2012, I issued guidance with regards to accounting for bulk transfers of pension fund assets. This guidance highlighted that where there is an agreement to transfer in principal between two funds and the estimated amount to be transferred between the two parties are not materially different, then the transfer should be accrued for within the pension fund accounts on an estimated basis. This guidance affected two transactions within the Greater Gwent (Torfaen) Pension Fund for 2011-12. These related to the merging of the four probation bodies into the Wales Probation Trust, resulting in an estimated transfer out of £20 million to Rhondda Cynon Taf Pension fund, and, a settlement amount was also agreed in the year for £3.9 million in relation to the Gwent Magistrates Court Committee, after leaving the fund on 1 April 2005. Both bulk transfers have now been accrued within the pension fund accounts.

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

In February 2012, the Council adopted its Medium Term Financial Plan, setting out its financial strategy across both revenue and capital funding streams to meet the financial challenges ahead for the period of the Council's Corporate Plan (2013/14 to 2015/16). The Council is developing its detailed plans to address the funding gap highlighted and the Plan continues to be kept under review as these plans are identified.

I issued a certificate confirming that the audit of the accounts has been completed on 28 September 2012.

The financial audit fee for 2011-12 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

26 November 2012

Respective responsibilities of the responsible financial officer and the independent auditor

The responsible financial officer's responsibilities for preparing the statement of accounts [including the group accounts,] in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Statement of Accounts.

Appendix 4

Torfaen County Borough Council's improvement objectives and self-assessment

The Council's improvement objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific 'improvement objectives' that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year. The Council published its improvement objectives for 2012-13 in its *Delivering Torfaen's Corporate Plan 2 - The Council's Forward Facing Improvement Plan for 2012/13* which can be found on the Council website at: www.torfaen.gov.uk/en/CouncilDemocracy/ImprovingTorfaen/ForwardFacingImprovementPlan/Forward-Facing-Improvement-Plan.aspx. They are:

2011-12 Improvement Objectives	2012-13 Improvement Objectives
Ensure people receive the benefits they are entitled to	Ensure people receive the benefits they are entitled to
Encourage social inclusion	Raise standards of educational attainment
Raise standards of educational attainment	Ensure learning for all children and young people is inclusive and accessible
Provide opportunities for people to improve their health	Ensure children are safe
Raise awareness of available housing options	Support and protect vulnerable children
Ensure the range and quality of housing is appropriate to meet people's needs	Ensure people's needs are assessed in a timely manner and the care provided is appropriate
Enable good sustainable housing development across the County Borough	Ensure the range and quality of social care services is appropriate to meet people's needs
Ensure learning for all children and young people is inclusive and accessible	Promote people's independence
Ensure children are safe	Deliver efficient and effective waste and recycling services
Develop educational provision for pre-school children	Work in different ways to reduce our costs

2011-12 Improvement Objectives
Support and protect vulnerable children
Improve access to social care services
Ensure people's needs are assessed in a timely manner and the care provided is appropriate
Ensure the range and quality of social care services are appropriate to meet people's needs
Promote people's independence
Support people and local communities to engage in positive activities
Co-ordinate activities that reduce antisocial behaviour
Ensure the local environment is safe, managed and maintained
Deliver efficient and effective waste and recycling services
Ensure roads and streets are safe, maintained and clean
Work in different ways to reduce our costs
Create new learning settings which are appropriate for the 21st Century
Support communities to become sustainable, empowered and prosperous

The Council's self-assessment of performance

The Council self-assessment of its performance can be found in the *2011/12 Annual Performance Report* located on the Council's website at: www.torfaen.gov.uk/en/CouncilDemocracy/ImprovingTorfaen/Ourperformance/Our-performance.aspx

Appendix 5

Proposals for improvement 2012-13

Over the course of our work in 2012-13 we have made some new proposals for improvement. These have previously been reported to the Council and are set out below for information. We will continue to monitor and report on the progress made by the Council in implementing the proposals under our future programme of work.

Proposals for improvement - Strengthen how the Council evaluates and reports on both its performance and its capacity and capability to deliver improvement

- P1 Act more in accordance with Welsh Government guidance by:
- expressing the Council's view of its success in achieving its Improvement Objectives;
 - using a wider evidence base of information to enable the Council to assess whether it has met its Improvement Objectives; and
 - maximising accessibility to citizens and stakeholders of the Council's performance assessment.
- P2 Improve performance management by:
- strengthening the role of Scrutiny to drive improvement; and
 - ensuring the impact of activity is measured more effectively to better judge outcomes on citizens and service user.
- P3 Ensure all services consistently report and evaluate performance in delivering improvement objectives.

Proposals for Improvement – Improvement Planning

- P1 Ensure all Improvement Objectives reflect and include the full range of relevant services, measures and actions that will enable the Council to assess whether positive outcomes are being achieved for citizens.

Proposals for Improvement – Medium Term Financial Planning

- P1 Improve the quality of information used to underpin key medium term financial planning assumptions and identify the likely financial impact of increasing demand for services and changing demographics.
- P2 Develop the funding plans, alongside refining and developing the MTFP, showing how the predicted financial deficits will be addressed and how service based pressures will be managed going forward.

Proposals for Improvement – Gwent Frailty (Addressed via the Gwent Frailty Board)

- P1 Create a single suite of comparative performance information across Gwent Frailty based upon measures of outcomes for users, costs and sustainability. Develop consistent performance baselines against indicators in order to report and monitor progress; evaluate the impact of different approaches within the franchise; support reductions in unjustifiable variations; identify, assess and share good practice.
- P2 Develop a framework for joint scrutiny of Gwent Frailty across councils, supported by the Gwent Frailty dashboard performance reports, which will also support scrutiny by the Health Board.
- P3 Agree criteria for referral to and acceptance by Gwent Frailty to target services more accurately at the intended user group. Engage with GPs and hospital clinicians to ensure referral systems are not bypassed and that referrals to Gwent Frailty are appropriate. To ensure medium-term and long-term sustainability of the Programme, clarify the implications of criteria, including profiling: future demand, unit and total costs; hospital admissions, discharges and bed days; benefit realisation; and risks.
- P4 Address issues identified in the Gwent Frailty review of Single Point of Access (SPA) first year of operation, including: compliance with referral procedures; improving: SPA functionality; calls handling; records access; information processing; and also training and development for Community Resource Team (CRT) and SPA staff as well as referrers.
- P5 Map out financial plans and demand projections beyond the initial three year plan for Gwent Frailty, to ensure it is sustainable.
- P6 Undertake the review of Gwent Frailty and CRTs in operation, anticipated for the end of year one, to evaluate the effectiveness of different approaches to delivering the service and identify the impact upon Gwent Frailty and its users of: variations in services within Gwent Frailty; and issues and constraints within the wider health and social care system, including seven day and out of hours working.
- P7 Undertake a fundamental review of the IT programme intended to support Gwent Frailty implementation, encompassing issues including: hardware; software; system integration; data capture; reporting; project scope; and progress.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@wao.gov.uk

Website: www.wao.gov.uk

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: info@wao.gov.uk

Gwefan: www.wao.gov.uk