

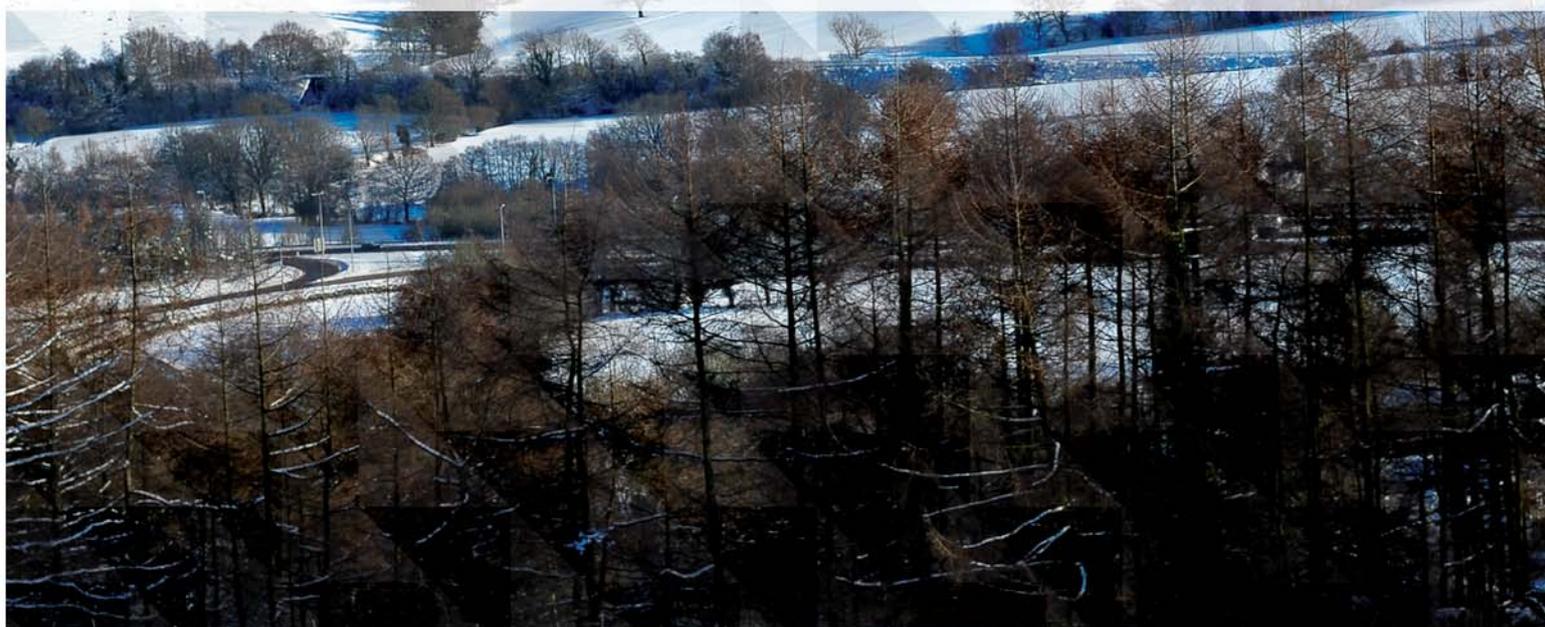


WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# 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 the majority of public money spent in Wales, including the £15 billion of funds that are voted to Wales annually by the Westminster Parliament. Nearly £5.5 billion of this funding 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.

Huw Vaughan Thomas, Auditor General for Wales, was supported by Alastair McQuaid, Nick Selwyn and colleagues under the direction of Jane Holownia in conducting the Improvement Assessment and producing this report.

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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 Wales Audit Office and relevant Welsh inspectorates, this report presents a picture of improvement over the last year. The report is in three main sections, which cover the planning, delivery and evaluation of improvement by Torfaen County Borough Council (the Council).
- 2 Overall, the Auditor General has concluded that, **the Council's approach to delivering better outcomes continues to develop and is resulting in improved performance in many areas, although improving its published report would clarify for citizens how well the Council is performing.**
- 3 We found that the Council has a clear vision for the future and is committed to achieving this through working in partnership. However, there are challenges in translating this vision consistently into action and results, which will require a continued focus on improving and formalising its approach to medium-term planning. The Council also needs to demonstrate better, how things have improved for citizens. The Council has developed its original Improvement Objectives to reflect its ambitious range of new priorities and continues to strengthen arrangements that support their delivery.
- 4 We also found that the Council has delivered improvements in many of its priority areas. We based this conclusion on the following:
  - the Council is helping vulnerable people to maintain their independence;
  - the Council has made good progress in improving access to Welsh-medium education and in delivering programmes that support people to secure employment; and
  - the Council's performance in delivering improvement, in helping to create and maintain the area as a safe, prosperous and pleasant place is mixed.
- 5 The Auditor General is required to assess whether the Council has complied with its statutory duties under the Local Government (Wales) Measure 2009 (the Measure), including to:
  - publish its plans for improvement;
  - make arrangements to secure continuous improvement;
  - publish an assessment of its performance; and
  - have regard to statutory guidance.

6 The Auditor General determined that:

- the Council has discharged its duties to publish its plans for improvement, and the Council is likely to comply with the statutory requirement to make arrangements to secure continuous improvement during this financial year; and
- the Council has discharged all of its duties in relation to publishing improvement information, however the Council should ensure that it acts more in accordance with Welsh Government guidance, specifically in demonstrating the impact of its activity and in reporting fully on the things it said it would do.

7 Finally, the report sets out our views on the Council's own assessment of its performance and arrangements. We concluded that the Council's own account of its performance during 2010-11 reports improvement in most areas it focused on, although it could demonstrate this more effectively through a clearer evaluation of how well it has done in delivering the things it said it would do. For 2011-12, it has developed its original Improvement Objectives to reflect its ambitious range of new priorities.

# Proposals for improvement

- 8 There are no formal recommendations but the following proposals for improvement are made to the Council to support improvement:

Proposals for improvement	
<b>P1</b>	Evaluate and report on the impact of reduced budgets on frontline services to identify and deal with risks that emerge from investment decisions.
<b>P2</b>	Continue to address the proposals and actions for improvement identified in previous external audit and regulation reports.
<b>P3</b>	Improve information on unit costs, activity costs, benchmarks and other financial performance measures to help make more informed financial decisions.
<b>P4</b>	Establish clear success measures for all objectives and support the effective monitoring of performance through regular, clear reporting of outcomes.
<b>P5</b>	Improve self-assessment arrangements and performance reporting by: <ul style="list-style-type: none"><li>• reporting clearly on whether the actions planned to deliver Improvement Objectives have been undertaken and whether targets for improvement have been achieved;</li><li>• establishing and reporting against outcome-focused measures of success for each Improvement Objective;</li><li>• presenting a balanced picture of how well the Council has performed in respect of each Improvement Objective;</li><li>• including a clear self-evaluation in its Performance Report of whether it has met or is progressing satisfactorily towards each Improvement Objective;</li><li>• providing citizens with more comparative performance and benchmarking data to enable them to better judge performance; and</li><li>• reporting progress against targets to citizens.</li></ul>

# Detailed report



## Introduction

- 9 This report was prepared by the Wales Audit Office on behalf of the Auditor General for Wales. On [page 2](#) you can find a brief explanation of what the Auditor General does.
- 10 Under 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. Planning for and delivering improvement does not mean that services will get better all of the time and can mean doing the same with less. [Appendix 1](#) provides more information about the Auditor General's powers and duties under the Measure. With help from Welsh inspectorates, Estyn (for education), the Welsh Language Board (WLB) and the Care and Social Services Inspectorate for Wales (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.
- 11 Throughout the report, we set out what the Council needs to do to improve its services. 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 it to do something about them, and we will follow up what happens.
- 12 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@wao.gov.uk](mailto:info@wao.gov.uk) or writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.

## The Council's approach to delivering better outcomes continues to develop and is resulting in improved performance in many areas, although improving its published report would clarify for citizens how well the Council is performing

- 13 Our work focused on how the Council organises itself to achieve improvements, the main objectives that the Council set for itself, its progress and impact, and how it reports its performance to citizens. 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 the prioritised work undertaken this year. This report sets out the Auditor General's view of the performance of the Council in discharging its statutory duties under the Measure and the specific progress that it has made in delivering against its Improvement Objectives.
- 14 In addition to having effective arrangements in place to plan for and deliver improvement, it is important that the Council has a good understanding of the extent of progress and improvement it is making. The Council has set out its own assessment of its performance in *Our Backward Looking Annual Performance Report for the Financial Year 2010/11* (the Performance Report). We found that the Council is generally good at monitoring its own performance and is revising its measures of success so that it can demonstrate better the impact of its work. A challenge for the Council, in common with other Welsh councils, is to make sure that in focusing on the arrangements for future improvement and ensuring delivery against specified objectives, it does not lose sight of the need to maintain 'business as usual'.
- 15 In August 2011, the Auditor General issued a *Corporate Assessment Update* letter to the Council. The letter commented on developments since the previous reports and concluded that the Council has a clear vision for the future and is committed to achieving this through working in partnership. However, there are challenges in translating this vision consistently into action and results, which will require a continued focus on improving and formalising its approach to medium-term planning. The Council also needs to better demonstrate how things have improved for citizens. The main findings underpinning the Auditor General's *Corporate Assessment Update* letter were as follows:
- The Council's leadership has identified a clear vision for the future, which is supported by politically owned priorities and a clear framework for delivery, although this is not yet consistently translated into action. Structures and systems for governance continue to operate effectively although members are not sufficiently well informed to enable them to scrutinise decisions and performance.
  - The Council published its new Corporate Plan, which sets the strategic direction for the next five years. It reflects the Community Plan developed with partners, and has been produced through good engagement and consultation with staff and stakeholders.

- There are good budgetary controls in place although demand growth and reductions in external funding mean the Council faces, in common with all in the public sector, significant capital and revenue pressures in key service areas, particularly in children's services, requiring the continued achievement of significant savings and a well-integrated approach to medium-term service and financial planning. Although the Council has a good vision for improvement and awareness of the challenges ahead, it has only recently started to develop a formal medium-term financial plan although its approach has had a medium-term focus for a number of years. The medium-term financial plan is being developed as part of the 2012-13 budget exercise to cover the period to 2015-16, and is expected to be completed by March 2012.
  - The Council is responding to financial pressures through a wide range of developments, including joint services with partners and strategic agreements with trade unions. It has reduced staff posts but does not have a formalised workforce plan in place yet to ensure it can align future staffing needs with strategic priorities. The Council does, however, have established arrangements in place to manage and utilise its workforce. It is making good progress in further strengthening those arrangements by updating policies and procedures in line with best practice. It also has an ambitious strategic vision for developing a workforce strategy for all public services in Torfaen.
  - The Council continues to work in collaboration with others to develop new ways of delivering services. In common with many other Welsh councils, the joint arrangements for ensuring effective scrutiny of these collaborations and robust evaluation of their costs, benefits and outcomes for citizens require greater clarity and need further development.
  - Systems for gathering and validating performance data have improved. A new approach to risk management and the ongoing development and implementation of Ffynnon are strengthening how performance information is monitored and reported. Staff accountability for delivery of corporate objectives has also been strengthened. However, the Council is not yet able to evaluate its impact consistently and key information on costs and comparisons with internal and external standards is not widely available in order to support effective self-assessment of performance, public reporting and accountability.
- 16 The Auditor General has determined that the Council has discharged its duties under the Measure to publish its plans for improvement, and that the Council is likely to comply with the statutory requirement to make arrangements to secure continuous improvement during this financial year.
- 17 The Council has accepted all of the areas for improvement we identified in our previous reports. It has made progress against most of them, summarised in [Appendix 5](#). Where actions are ongoing, we will continue to monitor and report on the Council's progress in implementing them.

## The Council has developed its original Improvement Objectives to reflect its ambitious range of new priorities and continues to strengthen arrangements that support their delivery

- 18 In April 2011, the Council adopted its second Corporate Plan. This sets out the Council's seven priorities for service improvement up until 2016, and clearly outlines what it is seeking to improve for citizens and communities in Torfaen. The Council's rationale for selecting the areas it is focusing on improving are based on its current performance, political priorities and recent consultation activity. They are:
- Supporting families and children living in poverty to get through the recession.
  - Preventing Torfaen residents becoming homeless.
  - Safeguarding children, especially those with additional (special) educational needs and supporting positive attitudes towards education.
  - 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 antisocial behaviour.
  - Using resources wisely, to include maintaining the highway infrastructure and reducing energy consumption and waste.
  - Supporting initiatives, which generate employment, and training for work opportunities. The current economic climate is creating new challenges for all public sector organisations across Wales to face.
- 19 The number of Improvement Objectives the Council has set has increased from six in 2010-11 to 25 in 2011-12. The 25 Improvement Objectives reflect the seven overall priorities in the *Corporate Plan 2011-2016*, which in turn, links to the Community Strategy, developed with Local Service Board partners. Action is underway to strengthen links between the action plans for delivering the Council's Improvement Objectives and individual service plans. The Council's Improvement Objectives are listed at [Appendix 4](#).
- 20 The Council has clearly stated what the Improvement Objectives aim to achieve in relation to the Council's priorities along with broad measures of success. The Corporate Plan is supported by a series of service improvement and team improvement plans, which provide information on actions, measures of success and timescales for delivery. Baselines of current performance and improvement targets are included on the Council's Ffynnon performance management system for all key measures of success, but not all of these are reported publically. Risks are picked up in corporate and service risk registers. Progress for both risks and performance measures are monitored and reported quarterly using the Ffynnon performance management system but at present, this does not happen consistently across all service areas.
- 21 Due to the financial climate, the Council is reviewing its Improvement Objectives to determine whether it can deliver all of them over the lifespan of the *Corporate Plan 2011-16* and is working through a series of funding scenarios to determine their relative priority. Elected members are leading these discussions, which are not yet public, and anticipate concluding them as part of the 2012-13 budget setting process.

**The Council is in the process of finalising its formal medium-term financial plan document to better align resources with delivering its key priorities and continues to manage services with reducing budgets**

- 22 The Council has good arrangements in place for budget setting and a focus on its priorities. Financial decision making is based on comprehensive financial information, although the lack of a formalised medium-term financial plan to date meant that the Council's longer-term financial planning has not been as clear and transparent as it could be. Work is underway to address this and a formalised medium-term financial plan covering the period 2012-2015 is due to be finalised by March 2012. The Council is able to manage changes and ensure it deals with financial risks through an established risk management process, which ensures it considers risks and mitigates them where possible.
- 23 Like all councils in Wales, Torfaen needed to reduce its revenue spending. For 2011-12, the Council identified £9.2 million of savings to achieve a balanced budget. Services put in place agreed savings measures and are continuing to take action to achieve these savings. The September 2011 revenue monitoring figures indicate that the Council is currently on target to achieve a balanced out-turn position for 2011-12.
- 24 Social care services in Torfaen continue to face significant pressures. In the last financial year, there were 20 per cent more looked-after children and a 58 per cent increase in children in need referrals. Open cases in adult services doubled between January 2009 and January 2011. The 2010-11 budget for Social Care and Housing was overspent by

approximately £1.4 million and the service now has to achieve savings of £3.8 million (of the £9.2 million quoted above) in 2011-12. The financial position of Social Care and Housing has improved over 2010-11 due to the proactive use of invest-to-save resources by the Council aimed at 'right sizing care packages'.

- 25 Capital expenditure is also reducing with a predicted reduction in core capital of up to 40 per cent between 2010-11 and 2013-14, reflecting cuts in Welsh Government funding. This reduction presents significant challenges for the Council especially in delivering its plans for modernising school buildings under the *21st Century Schools* initiative. The Council was successful in gaining outline approval for a £81.6 million seven-year programme. The 50 per cent match funding for the programme will utilise the majority of the Council's available capital funding until 2019-20 and will include allocating core capital resources, general capital receipts, capital receipts from school sites freed as part of the proposals, and prudential borrowing.
- 26 The single appointed auditor appointed by the Auditor General recently gave his opinion on the Council's accounts, and based on this, the Auditor General's view is that the financial statements were satisfactory. [Appendix 3](#) gives more detail.

**The Council demonstrates a high level of commitment towards public engagement**

- 27 Effective public engagement invites citizens to get involved in deliberation, dialogue and action on how services are delivered and which services need to be prioritised for improvement. The Wales Audit Office's

Improvement Assessment work in 2010 highlighted public engagement as a significant issue in most local authorities. As a result, it has been the subject of an all-Wales study reviewing public engagement across local government.

- 28 Our review found that the Council is committed to consultation and engagement. Engagement activity is planned systematically, with good examples of consultations on a range of issues. The Council has sound processes in place to consult with the public, with a great emphasis on the use of social media for survey work and uses the website to deliver press releases and promote its performance. The Council involves communities in decision making and is effectively empowering local communities to deliver projects. The Torfaen People's Panel is the main tool for involving the public in the design and delivery of policies, and there is evidence that engagement activity has resulted in improvements in service quality.

**The Council's new arrangements for developing, using and supporting technology have the potential to support continuous improvement but are still developing and maturing, with scope for improvement**

- 29 Effective use of information and communication technology (ICT) is essential for transforming the delivery of public services, improving outcomes for citizens, and delivering efficiency savings. Technology can support different ways of working, delivering services and engaging with citizens, enabling councils to deliver more for less. How technology is delivered and managed has a direct impact on the

efficiency, effectiveness and quality of work undertaken across a council, and affects almost every council worker. Poor ICT governance can lead to the use of inappropriate systems, system unavailability and frustration throughout an organisation.

- 30 In 2010, the Wales Audit Office identified that many local authorities were grappling with ensuring technology is used effectively to support service transformation and achieve efficiency savings, and as a result, reviews of technology have been undertaken at all Welsh councils. The Council's approach aligns with the Welsh Government's ICT Strategy, and the Council aims to use technology to transform its organisation and services and make savings on running costs. However, at present the Council too frequently focuses on short-term opportunities, which are not consistently aligned to service delivery plans.
- 31 In a joint arrangement with Monmouthshire County Council and Gwent Police, a range of technology services has been brought together into a Shared Resource Centre. The centre is unique within Wales and its development supports the Welsh Government's ICT Strategy of encouraging public sector ICT collaboration. However, we understand that following allegations at the Shared Resource Centre, the police are undertaking an investigation into an individual senior employee of the Shared Resource Centre. Due to these ongoing police enquiries, we are not undertaking any external audit work in this area now.

**The Council has a good record of working in collaboration with partners and stakeholders to plan and deliver services**

32 The Council has a good record of working in collaboration with others. The Council is collaborating with a range of public sector organisations to deliver improvements for citizens in Torfaen. For example, major programmes of work such as the *Gwent Frailty Programme*<sup>1</sup> and the South East Wales Regional Collaboration<sup>2</sup> demonstrate a commitment to collaboration that is remodelling how services are provided to many citizens and stakeholders, and represent major programmes of change in how the Council organises its work. The Council is also working in collaboration with Blaenau Gwent and Caerphilly county borough councils to procure a long-term organics treatment/disposal contract.

**The Council has addressed previous Welsh Language Board recommendations and now provides bilingual election documentation but still needs to meet its other statutory obligation with regard to the Welsh Language Act**

33 The Welsh Language Board works with councils to help them develop their statutory Welsh language schemes that outline the way in which they provide services to the public in Welsh. The primary responsibility for the range and standard of services rests with the councils who provide them, working in accordance with the statutory framework and guidelines of the Welsh Language Board. Every council is expected to provide the

Welsh Language Board with an annual monitoring report that explains how its scheme has been implemented. This report allows the Board to offer advice on how a council might improve its local arrangements. The Board also undertakes its own reviews to assess the provision of Welsh language services and to promote improvement.

34 The Welsh Language Board has found that the Council has succeeded in providing electoral documentation bilingually in accordance with its Welsh Language Scheme. Difficulties remained, however, with information available online. The website has remained an issue of concern, but the Council is committed to addressing the situation by the end of the financial year. The Council was praised for improving the scrutiny arrangements of the Welsh Language Scheme. Concerns remain about the Council's ability to offer certain face-to-face services in Welsh and improving the current lack of data on Welsh language skills should begin to address this issue.

<sup>1</sup> The Gwent Frailty Programme is a partnership between Aneurin Bevan Health Board and Torfaen, Blaenau Gwent, Caerphilly, Monmouthshire and Newport councils designed to deliver integrated services to vulnerable people.

<sup>2</sup> The South East Wales Consortium consists of Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen local education authorities. The Consortium is developing collaborative approaches to improving school performance and supporting professional development of education staff.

## The Council has delivered improvements in many of its priority areas

35 This part of the report sets out how well the Council is improving its services. It reflects the views of the CSSIW in relation to adult and children's services and Estyn in relation to education, and draws upon our own reviews of the Council's performance against some of the specific improvement objectives the Council set itself during 2010-11.

### Overall, the Council is helping vulnerable people to maintain their independence

#### The Council actively collaborates with partners to tackle complex health and well-being issues in Torfaen

36 Directors of social services are required to produce an annual self-assessment report on how well services are being delivered. The CSSIW will then undertake a review and analysis of evidence underpinning the report, including evidence from other regulators and inspectors. This analysis will result in an individual inspection and review plan for each council. The CSSIW's analysis, and the inspection and review plan, are set out annually in a published letter. 2010-11 is the second full year of these new arrangements and builds on the baseline assessment reported in December 2010.

37 Poverty and unemployment confront many of Torfaen's citizens. This requires the Council and partner organisations to work collaboratively to support vulnerable children, their families and adults to improve their quality of life. The Social Services directorate brings together the portfolios of social services, health and housing offering opportunities for joint working in key services, which impact on vulnerable peoples' lives.

The culture of the directorate is to work in partnership wherever this offers opportunities for better outcomes. This includes other local authorities, local voluntary organisations, Gwent Police and the health service. Torfaen's Chief Executive continued to take a leading role in the *Gwent Frailty Programme* during the year, with preparations made for its launch in all five participating local authorities and the Aneurin Bevan Local Health Board on 1 April 2011.

38 Social services have demonstrated the benefits of partnership working with better outcomes for people who need a range of support. The outcomes for young people leaving care are an example.

39 The following paragraphs set out the findings of the CSSIW. An inspection of children's services focusing on looked-after children and decision making took place in June 2011, and was published in July. The inspection findings indicated that looked-after children and young people leaving care are kept safe, and are then supported appropriately to gain greater independence as they reach adulthood.

40 Social services started the year by trying to improve capacity and support preventative work in both children's and adult services. However, the directorate also had to take a share of corporate efficiency savings arising from the challenging financial climate. Senior managers tried to maintain progress already made, whilst balancing significant financial pressures and the requirement for further savings. The directorate has ended the year £500,000 overspent which has already required changes to the use of resources in 2011-12.

41 Contracts with the voluntary sector have been reviewed with some reductions in funding, in order to prioritise funding to deliver statutory responsibilities. Thirty-four staff and managers in the directorate offered to take voluntary severance at the end of the year, which was around 48 per cent of the voluntary severances across the Council. This meant that organisational restructuring had to be planned at the end of the year and the full impact of decisions taken will be felt in 2011-12.

42 Service users have been keen to play their part in improving services, and continued to meet in groups such as the 'Have your Say' group, which provides additional scrutiny of strategic planning by those who use health and social care services. As part of this process, they met with the Chief Inspector of the CSSIW to share views on the quality and range of services. Other service users were involved in the quality and value for money review of learning disability services.

43 There has been a steady increase of enquiries and referrals to Adult Services. This meant that it took longer to allocate referrals for assessment, increasing the time before an individual receives services. There was then a marked reduction in the number of reviews on individual care packages completed within the year. The Council needs to examine whether increased demand accounts fully for the reduced performance and therefore cannot be confident that the services arranged are providing these individuals with good outcomes including value for money. The service has been able to take forward some practice and policy developments such as improving the effectiveness of transition for young people into adulthood; some to

independence, but some of whom require support from adult services.

44 Commissioning and contract monitoring has continued to be robust. This is all the more important as most of the social care services are bought from independent and third sector providers. This makes the reduced performance on undertaking reviews all the more significant, as it will limit the previously strong contribution from care management to informing contract monitoring.

**The Council continues to administer housing and council tax benefits effectively and is leading on the development of a new integrated service with Monmouthshire County Council**

45 Housing and Council Tax Benefit teams contribute to positive outcomes for citizens in a number of areas including child poverty, homelessness, worklessness and support for people with disabilities. In doing so, they also assist the Council in achieving a range of Improvement Objectives. Effective benefit services enable fairer access to decent homes, which in turn helps address health issues. Poorly performing benefit services can put barriers in the way of people returning to paid employment, prevent financial help getting to those who need it, and cause additional hardship.

46 In 2009, 20.8 per cent of households in Torfaen were in receipt of housing benefit, higher than the Welsh average of 17.5 per cent. The level of council tax benefits recipients is 27 per cent compared with a Welsh average of 23.9 per cent for the same period. These comparisons place Torfaen within the top quartile of performance for Welsh councils.

47 Torfaen's 'benefit age' population (ie, those that could become claimants) in May 2011 was seventeenth in Wales (where first equals highest). Its caseload at that time was similarly placed at fifteenth highest council in Wales.

48 Caseload in Torfaen, at May 2011 (latest available), has increased since April 2009 (ie, over the last two years) by 6.5 per cent. This is just below the average in Wales of seven per cent over the same period. The number of recipients of housing benefit has increased since April 2009 by just over eight per cent and just fewer than six per cent for council tax benefit. Both of these increases are comparable with the Wales average increase for the period, of eight per cent for housing benefit recipients and five per cent for council tax benefits recipients, indicating that more people in Torfaen have been claiming in the last two years although the rate of increase is lower than in some other councils.

49 Overall, during 2010-11 the time taken to process new claims is 21 days. This compares well with the Welsh and UK average of 23 days for the same period. This improvement is better than that seen across the UK during the year (ie, improvement of three days in Torfaen compared with worsening of two days across the UK generally). The Council's figures indicate that the time taken to process change in circumstances notifications is seven days in 2010. This compares well with a UK average of 10 days and the Welsh average of seven days for the same period. Performance remains static, and does not replicate the general deterioration in performance in line with that seen across the UK compared with 2009-10.

50 In July 2011, the Wales Audit Office concluded a review of the development of a shared service between Torfaen and Monmouthshire to provide the Housing and Council Tax benefit service for both councils. The review identified a number of risks for the Council to address and recommended a formal partnership framework and implementation plan be established for the project.

**The Council and its partners have made good progress in supporting vulnerable people to maintain their independence**

51 Good quality care in the community can improve people's well-being and reduce the need for people to go into hospital or into care homes. It can also shorten the time those who need to be in hospital spend there, by making sure they have the support they need to go home or appropriate care if they cannot. Otherwise, the transfer of care between hospital and community can be delayed, and hospital beds can become blocked. In 2010-11, the Council set an Improvement Objective to help frail people stay in their homes. The focus of activity in the first year has been on planning for the implementation of the Gwent Frailty Programme.

52 Our review of the Council's progress against its Improvement Objective to help people stay in their homes identified that the Council is progressing well in developing the necessary systems and infrastructure to deliver integrated health and social care services. Joint health and social care posts at a strategic chief officer level are in place, and health and social care partners are developing and improving how they share information and plan services to maintain the independence of vulnerable people. The level

of social care and health operational joint working has improved and is continuing to develop, and the impact of recent joint staff appointments should strengthen current arrangements.

- 53 Performance on key measures of independence has improved significantly in the last year. For example, the number of delayed transfers of care for social care reasons fell from 74 in 2009-10 to 46 in 2010-11 and the number of older people (aged 65 or over) helped to live at home increased from 1,946 to 2,294. As the Gwent Frailty Programme progresses, the Council and its partners are reviewing the performance information available to focus on demonstrating the impact of the joint work on individuals.
- 54 Given the risks and challenges and the central importance that the Gwent Frailty Programme has in modernising and transforming health and social services for frail people in Gwent, the Wales Audit Office will be undertaking an initial review of the arrangements for implementation of the Programme across the partnership. The focus of the audit work will be to provide early assurance that the Programme is set up and working in a way which is likely to achieve the aims and outcomes which have been identified, and the conclusions will be reported in our next Corporate Assessment.

### **Progress on improving Disabled Facilities Grants has been mixed**

- 55 Disabled Facilities Grants help towards the cost of adaptations to enable elderly, disabled or vulnerable people to remain in their own homes. We reviewed the Council's disabled facilities grant service in 2009 and concluded that the Council was not providing the service effectively. The Council set an Improvement Objective in 2010-11 to improve how it delivers grants and agreed an action plan addressing the recommendations of our 2008-09 review. A recent follow-up internal audit review by the Council in 2011-12 has identified that of 14 recommendations, eight have yet to be completed and six are completed. The Council has therefore not made significant progress in delivering the actions in its action plan.
- 56 The Council reports mixed performance in delivering Disabled Facilities Grants. The average number of calendar days taken to deliver Disabled Facilities Grants has continued to deteriorate with performance falling from an average of 206 days in 2008-09 to 351.29 days in 2010-11. Likewise, the number of people on the Disabled Facilities Grants waiting list has increased in recent months, rising from 287 in March 2011 to 364 in September 2011. Positively, more people are reporting satisfaction with the overall outcome of the Disabled Facilities Grants process with positive satisfaction ratings rising from 91 per cent in 2009-10 to 95.5 per cent in 2010-11. In addition, the Council has also increased the number of Disabled Facilities Grants delivered, rising from 100 in 2009-10 to 124 in 2010-11. The range of work undertaken has also shifted with the Council now undertaking less high-cost grants than in

the past. Very few individual Disabled Facilities Grants now cost more than £30,000 and 75 per cent of spend is now under £10,000 (Exhibit 1).

**Exhibit 1: Number of Disabled Facilities Grants delivered by cost band**

The Council is delivering more low-cost Disabled Facilities Grants.

Cost of Disabled Facilities Grants	Number of Grants Completed
Under £5,000	39
£5,000 – £10,000	60
£10,000 – £20,000	13
£20,000 – £30,000	6
£30,000+	6

57 The Council has reduced the level of capital monies made available to fund Disabled Facilities Grants work with the budget falling from £1.3 million in 2008-09 to £1.1 million in 2009-10, 2010-11 and 2011-12; this was due to underspending. The budget allocation for 2012-13, has not been agreed yet, but it is anticipated the allocation will remain at £1.1 million. There has been a reduction in staff dealing with Disabled Facilities Grants with the number of full-time equivalents falling from 18 staff in 2010 to 14 staff in 2011 – a 20 per cent reduction in staff numbers. Given the reduction in resources and slow progress in delivering the improvement actions set, the opportunities for further improvement are uncertain.

**The Council has made good progress in improving access to Welsh-medium education and in delivering programmes that support people to secure employment**

**The Council is well placed to improve access to Welsh-medium education**

58 The Council has an Improvement Objective to improve access to Welsh-medium education at nursery, primary and secondary level, and in its 2010-11 Improvement Plan it identified two supporting actions. These were:

- to increase Welsh-medium primary and nursery provision; and
- to refurbish, remodel and expand the Welsh-medium secondary school.

59 The Council’s new Welsh-medium primary school (Ysgol Panteg) and new nursery provision at Ysgol Bryn Onnen were both completed in September 2010. This means that there is Welsh-medium primary and nursery provision across the Borough, and the Council is able to meet current demand. The Council understands future demand for Welsh-medium education well through its robust forecasting and regular dialogue with the Parents for Welsh Medium Education Group. Demand is rising and the Council is already planning how it can meet this demand in the future.

- 60 As planned, the Council has successfully completed the first two stages of its expansion of secondary school Welsh-medium provision. It has commenced the third phase of the project, which is on target to be operational by the planned date of September 2012.
- 61 As more children are educated in the medium of Welsh at nursery and primary school, the Council is aware that the demand for secondary provision will expand accordingly. In anticipation of Ysgol Gyfun Gwynllw reaching its full capacity in 2015, its *Schools Modernisation Programme* includes plans for a further Welsh-medium secondary school.
- 62 Last year we referred to the need to broaden the performance measures to include impact of the Improvement Objective upon educational attainment. Learners should benefit from the expansion of Welsh-medium provision and the improved school environments. The Council has included a specific Improvement Objective on raising standards of educational attainment in its 2011-12 Improvement Plan and relevant indicators to measure performance on attainment have been included. The Council will also be able to draw upon the evaluation it is undertaking of the impact of the new and refurbished schools on learning, attendance and well-being.

**The Council is providing opportunities for people to increase their skills to secure employment but like all local authorities in the current economic climate, faces challenges in reducing unemployment**

- 63 Providing opportunities to increase employment is an appropriate and important activity for the Council to focus on in the current economic climate. In 2010-11, the Council prioritised delivery of programmes of work that provide adults and young people with the necessary skills and education to obtain employment. Our review of progress against this Improvement Objective found that there is a good explanation of the actions taken by the Council to improve opportunities for people to increase their skills for employment in a number of areas.
- 64 However, the focus of the Council's self-assessment report appears to be on the areas where it is improving without also commenting on areas where it is not taking action. The Council needs to provide a more balanced picture of performance. For example, clearly identifying the authorities the Council is working with, as well as the further education colleges, can strengthen the Council's review of its performance and the other actions delivered to support employment.
- 65 The measures of success the Council uses show that the number of people helped into employment has increased from 264 in 2009-10 to 359 in 2010-11. Likewise, the number enrolled on *Bridges into Work* and *Working Skills for Adults* programmes went up in the same period, rising from 1,778 to 2,545. In addition, school leavers known to be

not in education, employment, or training also fell in the last year from 8.2 per cent to 7 per cent. This places the Council above the Welsh average of 5.4 per cent and ranks it seventeenth out of 22.

- 66 Unemployment in Wales has risen in recent years and stood at 137,000 at the end of November 2011<sup>3</sup>. In Torfaen, the number of people unemployed and claiming Job Seekers Allowance has also significantly increased and at the end of November 2011 stood at 2,754, an increase of 371 from November 2010. Unemployment in Torfaen remains above the Welsh and UK averages. Whilst some of the Council's activity has clearly benefited some people, the Council faces a greater challenge than previously to deliver improvements in relation to supporting employment.
- 67 Estyn, Her Majesty's Inspectorate of Education and Training in Wales 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. Estyn inspected the Council in October 2011 and will be publishing their report in February 2012. We will reflect Estyn's conclusions in our next Corporate Assessment.

**The Council's performance in delivering improvements which help to create and maintain the area as a safe, prosperous and pleasant place is mixed**

**Plans and initiatives to improve recycling, reusing and reducing waste have recently been adopted which will support long-term improvements but current performance is declining against most measures of success**

- 68 The Council has an Improvement Objective of increasing the recycling, reusing and reducing of waste, which it intends to achieve through the adoption of a new waste management strategy and initiatives to support front-line collection services. Our review of services found that the Council is making progress to deliver the Improvement Objective but there is currently insufficient assurance about value for money or sustainability or in maximising citizen engagement in delivering waste strategy.
- 69 A new waste strategy, adopted in June 2011, is now in place and supported by a series of waste management initiatives and financial models on service delivery costs that run to 2024-25. The Council is working in collaboration with other councils and the private sector to procure a waste treatment infrastructure. The Council also has plans to take food and garden wastes collected from the county for treatment at an anaerobic digester in partnership with Caerphilly and Blaenau Gwent county borough councils. In addition, it is also working in collaboration with Blaenau Gwent County Borough Council to deliver long-term plans for the treatment of residual wastes that cannot be recycled.

<sup>3</sup> Key Economic Statistics, Stats Wales, 16 December 2011.

70 The Council's *Backward Looking Annual Performance Report for the Financial Year 2010-11* provides a short assessment of the waste management service's progress. The Council uses a balanced range of performance information to help it plan waste initiatives, and to report on its Improvement Objective and priorities. The Council also makes good use of most of the readily available performance information to inform decision making on resourcing, make operational changes and assess the quality of service delivery.

71 However, the performance information has less focus on sustainability or value for money, and makes only limited use of benchmarking comparisons. Performance information shows that the Council is now close to exceeding the landfill waste allowance and this increases the risk of financial penalties. There is also a decline in performance in several key performance measures. Of the nine measures the Council set to judge its performance, eight have declined in the last year. Notably, the amount of biodegradable waste sent to landfill was more than in 2009-10; less waste is composted; and less waste is recycled than in 2009-10.

### **The Council has improved the time taken to decide on and approve planning applications**

72 The Council has an Improvement Objective to improve efficiency within the Development Control service. Our review found that performance has improved. For example, the time taken to process planning applications has reduced from 119 days in 2009-10 to 52.6 days in 2010-11. Likewise, data provided by the Council shows that the proportion of planning cases determined within eight weeks has risen to 74 per cent in June 2011, double its performance in 2009-10 of 35.4 per cent, and is now above the Welsh average.

73 The recent loss of staff within the service has however meant that improvements have not been as great as expected and recently performance has started to slip. The Council must consider what action it needs to take. The Council introduced changes to the service in late 2010-11 but does not show any comparative information for earlier years. It would be useful to provide some historic data using national performance indicators if local ones are unavailable to assist stakeholders to better assess the impact of changes upon the Council's performance. The Council should also compare its performance against national benchmarks.

## The Council has published a good summary of its performance although it could improve its own evaluation of whether it has been successful

### The Council has published a clear and well-presented assessment of its own performance

- 74 The Council has reviewed its performance in 2010-11 in a 44-page document called *Our Backward Looking Annual Performance Report for the Financial Year 2010/11* (the Performance Report). The Council provides its Performance Report in Welsh on its website and is available on request in large print. It is available to download from the Council's website and a bilingual summary version was printed in the Council's newsletter *Torfaen Talks*. The summary is clearly set out and presented in a way that makes it easy for people to read and digest. It is clear what the focus of improvement is and how this relates to existing priorities, and the information on progress provides a brief overview of performance. Both the full and summary Performance Report includes a section for citizens who want more information or wish to get involved in the future.
- 75 It is reasonable, particularly in the current climate, to expect councils to give an account of their financial performance in their performance report, reporting how much they spend in service areas, whether they are achieving planned savings and including cost comparisons. Setting out the impact of increasing demand pressures combined with reducing external funding would also help to manage public expectations.
- 76 The Council's Performance Report does not include any overall financial summary or a link to the Council's published *Statement of Accounts*. There is a brief section on efficiency and effectiveness stating that the Council is continually looking at ways to drive

down costs, increase productivity, improve income levels and work in collaboration, but no examples are given. The Performance Report refers to a 'transformational budget' and invest-to-save initiatives but does not provide any information on what the Council has achieved. Some individual investments are identified, particularly where these are grant-funded, but no information on expenditure, savings or performance against budgets and savings targets is included.

- 77 The Council's Performance Report refers to 'our available resources diminishing year on year' but does not provide any information about this to provide some context to the reader, or information about the medium-term planning process or current and future demand pressures. There are no references to council tax, actual savings achieved or performance against budgets. Positively the Council has outlined in *Torfaen Talks* the financial challenges faced by all public sector bodies in Wales, and made citizens aware of the potential impact upon local services and the work the Council does, but has not included this information in its Performance Report.
- 78 Overall, the Council's Performance Report contains a useful commentary on the performance of the Council and fulfils the Council's responsibilities to discharge its statutory duties for reporting on its performance. For example, the Performance Report includes evidence of performance as measured by national indicators and completion of intended actions; comparison against the Welsh average for national indicators; and a description of progress and achievement against the improvement objectives. However, the lack of an overall

evaluative statement against each of the Improvement Objectives weakens the overall effectiveness of the report and some useful information is not included, such as how the Council has performed against the targets it set.

- 79 This is the first time that Welsh councils have been required to report their performance in relation to Improvement Objectives, and some opportunities for learning and improvement in how they do this are to be expected. The Auditor General has determined that the Council has discharged all of its duties in relation to publishing improvement information; however, the Council should ensure that it acts more in accordance with Welsh Government guidance, specifically in demonstrating the impact of its activity and in reporting fully on the things it said it would do.

#### **The Council's Performance Report shows a mixed picture of how well it has performed**

- 80 The Council has well-established systems for reporting information on performance and its Performance Report captures performance against National Strategic Indicators<sup>4</sup> for each of its corporate plan priorities. The Council's Performance Report makes use of a wider range of evidence than has been the case in previous years' reports. The Performance Report clearly outlines to the reader what the Council is seeking to improve and why these areas are important to the citizens of Torfaen. The full suite of National Strategic Indicators is included, which shows performance over the period 2006-07 to 2010-11 and the most recent all-Wales average for the individual National Strategic

Indicators. It does not, however, include an evaluation of how well the Council thinks it has performed.

- 81 The Council sets targets annually for all National Strategic Indicators. Setting targets can be a helpful method to challenge the organisation or a specific service area to do better. Targets can provide a forward-looking perspective and information on not only the level of activity of a service but also on whether objectives are being achieved. The Council does not, however, report its performance against the targets it has set. This means citizens are unable to judge how well the Council is doing against its targets.
- 82 Whilst the analysis provides a good summary of performance it could be improved with better data analysis and presentation of the information in ways that enable citizens to better judge services. For example, clearly stating which elements of its services are improving, which areas are declining and making clear what this means for citizens in the future.
- 83 Positively the Council has reported its performance in delivering the first Corporate Plan priorities it set itself in 2006 in *Our Backward Looking Annual Performance Report for the Financial Year 2010/11*. This shows that progress in making improvements on the priorities of the first Corporate Plan has been mixed (**Exhibit 2**). The Council reports 10 measures as having improved or targets being achieved; six showing a decline in performance or targets not being achieved; and one not being reported at this time as shown.

<sup>4</sup> The National Strategic Indicators focus on key strategic priorities, and are collected by each local authority and published in their Improvement Plans.

Exhibit 2: The Council has mixed performance in delivering improvement against the measures it set itself when adopting its first Corporate Plan in 2006

Priority area	Number of measures which show an improvement	Number of measures which show a decline or targets not met
To improve services for vulnerable people and improve health outcomes for everyone by promoting healthier lifestyles.	2	1
To improve the quality, variety and affordability of housing and reduce the level of homelessness.	1	3
Reduce crime and antisocial behaviour and take action to help people feel safe in their neighbourhoods.	1	1
To improve the quality of teaching and learning for young people and other students, and to equip citizens of all ages with the necessary skills for employment and the regeneration of their local communities.	2	1
To improve waste management and increase recycling, creating a cleaner and more energy efficient area.	4	0

84 The Council’s reporting of performance against its first Corporate Plan demonstrates its commitment to being transparent about how well it is performing. This commitment will support the Council to develop how it measures success in delivering its second Corporate Plan and judge how well it is delivering its Improvement Objectives in the future.

85 With regard to the individual Improvement Objectives, the Council’s Performance Report provides trend data where it is available but because some measures of performance are appropriate local measures, it is not possible to compare performance with other councils or public bodies. The Report also provides a narrative in relation to each of the Improvement Objectives and some contextual information on budgets and demand. The Council makes clear why individual Objectives were chosen and identifies clearly the partners working with the Council to deliver them.

86 The Council recognises that its current performance indicators do not consistently enable it to measure the impact it is having for citizens, and has made some progress in developing new measures and supporting systems since setting its first Improvement Objectives in autumn 2010. The Council continues to refine its performance information and further work on refining outcomes measures will enable it to better judge and report how well it is performing.

**It is not always clear if the Council delivered all the things it said it would do**

87 The Council's Performance Report provides a summary of progress in delivering a range of activities against the Improvement Objectives. However, the narrative on progress and the quality of performance measures used do not always support a clear conclusion on whether the Council is making progress in delivering its Improvement Objectives. As we have noted above in our assessment of progress against individual Improvement Objectives, the Performance Report provides a narrative of the work the Council has undertaken in 2010-11 but it does not clearly state whether planned actions have been delivered or show how its efforts have improved performance. For example, under *Improving the way we deliver our disabled facilities grants* the Performance Report talks about a range of actions that have been progressed in 2010-11 but it is not clear from this narrative what the impact of activity has been or whether all the actions set in 2010-11 have been delivered.

**The Council uses its scrutiny committees to challenge services and regular reporting of performance will enable members to more effectively scrutinise performance**

88 Scrutiny committees have an important role to play in managing performance and supporting improvement activity. They not only act as community advocates, bringing into the Council ideas and needs of the community to help the Council develop policy, they also scrutinise the decisions made by the Cabinet, the performance of the Council and the achievement of its objectives. Within the Measure, the role of scrutiny committees is identified clearly as a key component of a council's improvement processes.

89 The Council does not consistently report progress in delivering Improvement Objectives and broader performance of services to its scrutiny committees, although some activity is presented to the Audit Committee for review. However, all performance reports go to full Council as part of the Council policy framework. There are five scrutiny committees in place and they determine their own work programmes after consideration of various factors including the Council's objectives, the risks included in the risk register, service plans, external reports and key decisions taken. Currently, performance reports are not routinely taken to Scrutiny but the Council is considering introducing this after the local government elections in the spring of 2012.

**The Council has made good progress in delivering its Outcome Agreements, and systems to manage and report performance are sound**

- 90 Outcome Agreements between the Welsh Government and individual councils set out how each will work towards improving outcomes for the local people, within the context of the Government's national priorities. Outcome Agreements do not replace underlying service planning and performance management arrangements already in place. Rather, they provide an outcome-based framework and focus for service planning, resource planning and performance management.
- 91 As part of our annual assessment work, we reviewed the Council's *Outcome Agreement* submission to the Welsh Government. Our review found that the Council has made good progress in delivering its Outcome Agreements. There is a strong correlation between the Outcome Agreements and the Council's Improvement Objectives and priorities for improvement.
- 92 Our assessment of progress is in line with the Council's own evaluation of its performance. Progress has been made in delivering most of the Outcome Agreements targets. Evidence used to underpin the Council's self-assessment is generally sound although there remain areas for improvement, particularly measures to judge whether anyone is better off. Under some programmes, some planned actions were not delivered but the Council has not explained this and in some cases, the impact of planned actions, which were delivered, is not demonstrated.

- 93 We audited the Council's systems for managing and reporting its key performance indicators for 2010-11. We found that all the National Strategic Indicators, which every council is required to report performance against, were substantially accurate.

# 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 Council'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

Torfaen County Borough Council spends approximately £266 million per year (2010-11). In the same year, the Council also spent £29.2 million on capital items. The average band D council tax in 2010-11 was £1,180 per year. 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:

- 18 Labour
- 13 Independent
- 5 Conservatives
- 3 Plaid Cymru
- 2 Lib Dem

Torfaen's Chief Executive is Alison Ward. The Corporate Management Team consists of:

- Peter Durkin, Deputy Chief Executive
- Nigel Aurelius, Assistant Chief Executive
- Dave Congreve, Assistant Chief Executive

#### Other information

The Assembly Member for Torfaen is Lynn Neagle, Labour Party. Some citizens also fall within the constituencies of Nick Ramsey, Monmouth, Conservative Party.

The South Wales East Regional Assembly Members are:

- Mohammad Asghar, Welsh Conservative Party
- Jocelyn Davies, Plaid Cymru
- William Graham, Welsh Conservative Party
- Lindsay Whittle, Plaid Cymru

The Member of Parliament for Torfaen is Paul Murphy, who represents the Labour Party.

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

## Appendix 3

### Torfaen County Borough Council's accounts and use of resources

The auditor appointed by the Auditor General issued the following auditor's report on 25 October 2011.

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

Dear Councillor Wellington

#### **Annual Audit Letter to the Members of Torfaen County Borough Council**

As you will be aware the Auditor General for Wales will be issuing an Annual Improvement Report (AIR) to each local authority by the end of January 2012 and some of the issues that were traditionally reported in the Appointed Auditor's Annual Audit Letter will be included in that report. Therefore, I have taken the opportunity to summarise the key messages arising from the Appointed Auditor's statutory responsibilities into this short letter, which forms the Annual Audit Letter. The letter is designed to be a standalone document, but will also be presented to the Council and the public as part of the Annual Improvement Report and therefore discharges my reporting responsibilities under the Code of Audit Practice.

#### **Torfaen County Borough Council complied with reporting requirements relating to its financial performance and use of resources.**

- 1 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.
- 2 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.

- 3 On 28 September 2011 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. A number of matters arising from the accounts audit were reported to members in my Audit of the Financial Statements Report presented to the Audit Committee on 20 September 2011, the most significant of which related to:
- The correction for an error in the accounting treatment of a credit note for £450,000 which had been included within debtors when it should have been netted off creditors.
  - Following audit enquiries, management identified and corrected an error in the cash-flow statement amounting to £5.2 million.
  - Clarification of a late change in the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, that required the authority to recognise an additional liability of £259,000 in respect of pension contributions on the back dated pay award arising from equal pay claims. This adjustment was not processed by the Council as it was not considered material to the financial statements. This issue also impacted upon the Greater Gwent Pension Fund for a small number of other local authorities administered through the scheme and again no adjustment was made on the grounds of materiality.
- 4 From 2010/11 local authorities in Wales were required to produce their accounts on the basis of International Financial Reporting Standards. The introduction of these new standards imposed significant additional demands on the Council's finance staff. I am pleased to report that despite these additional pressures, the Council's accounts were prepared by the statutory deadline and to a good quality.
- 5 My review 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 Measure (2009). The main findings from this latter work will be set out in the Annual Improvement Report. In addition I also bring the following issue to your attention:
- The Council, like some other authorities in Wales, has not yet developed a medium term financial plan. I understand this issue is currently being considered by officers as part of the budget setting process with members for 2012-13 onwards. I will summarise the Council's progress in the Annual Improvement Report to be issued in January 2012.

- 6 I issued a certificate confirming that the audit of the accounts has been completed on 28 September 2011.
- 7 The financial audit fee for 2010-2011 is currently expected to be in line with that set out in the Annual Audit Outline.

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

25 October 2011

## Appendix 4 Torfaen County Borough 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 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 in its Improvement Plan, Looking to the Future, which can be found on the Council's website at <http://www.torfaen.gov.uk/CouncilAndDemocracy/ImprovingTorfaen/Home.aspx>. They are:

2010-11 Improvement Objectives
Helping frail people stay in their homes
Improving the way we deliver our disabled facilities grants
Improving access to Welsh-medium education
Increasing the recycling, reusing and reducing of waste
Providing opportunities for people to increase their skills for employment
Improving our planning services

2011-12 Improvement Objectives
Ensure people receive the benefits they are entitled to
Encourage social inclusion
Raise standards of educational attainment
Provide opportunities for people to improve their health
Raise awareness of available housing options
Ensure the range and quality of housing is appropriate to meet people's needs
Enable good sustainable housing development across the County Borough
Ensure learning for all children and young people is inclusive and accessible
Ensure children are safe
Develop educational provision for pre-school children
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

### 2011-12 Improvement Objectives

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

Improve people's access to learning opportunities, qualifications and training

Transform educational provision for young people aged 14 to 19

### Torfaen County Borough Council's self-assessment of performance

The Council self-assessment of its performance can be found in the Improvement Plan 2 located on the Council's website at <http://www.torfaen.gov.uk/CouncilAndDemocracy/ImprovingTorfaen/Home.aspx>

## Appendix 5

### Progress against previous Proposals for Improvement

Proposals for improvement	Progress
<p><b>1</b> Evaluate the effectiveness of the Council's role in partnerships.</p>	<p>Our work to examine progress in this area is incomplete and we will report this in the next <i>Annual Improvement Report</i>.</p>
<p><b>2</b> Formalise the medium-term financial planning process and publish the strategies for workforce planning and asset management to support the Council's vision and priorities.</p>	<p>The Council has made progress in reviewing the impact of a reduction in funding and is working with the Executive to agree how to address the financial challenges it faces.</p> <p>This has not been formalised into a MTFP at this time but a forecast was reported to the Cabinet in January 2012 and the outcome of the review is likely to be concluded by March 2012.</p> <p>The Council has no workforce plan or strategy at this time but does have established arrangements in place to manage and utilise its workforce. It is making good progress in further strengthening those arrangements by updating policies and procedures in line with best practice. It also has an ambitious strategic vision for developing a workforce strategy for all public services in Torfaen. It is improving its approach to workforce planning to reflect these plans.</p>
<p><b>3</b> Implement a programme that embeds performance management within the operational management of all services.</p>	<p>The Council is using the Ffynnon pan-Wales performance management system to support performance monitoring and reporting against a range of indicators. Previous weaknesses in the quality of its performance information and error rates in the collation of information to underpin performance reporting have significantly improved.</p> <p>The Council has revised its Service Improvement Planning guidance and supporting procedures to strengthen staff accountability for performance and improvement. This is not consistently robust enough across the Council to demonstrate effective delivery of the improvement objectives, although significant progress has been made in a number of service areas.</p>

Proposals for improvement	Progress
<p><b>4</b> Put training in place to support inexperienced members to effectively discharge their remit.</p>	<p>The Council is currently working with the Welsh Local Government Association (WLGA) and undertaking a review of scrutiny to support members to discharge their function more effectively. In response to the current review, we have delayed delivery of our review of scrutiny and governance to assess the outcome of the WLGA assessment to ensure we place reliance on conclusions where appropriate and tailor our work to focus on specific issues.</p>
<p><b>5</b> Train and support the Audit Committee so that it can more effectively discharge its remit in relation to the Council's statutory responsibility to have arrangements in place to secure continuous improvement in its functions.</p>	<p>The Wales Audit Office and Grant Thornton have provided training to Audit Committee to support the development the function and focus of the Committee. Our work to examine progress in this area is incomplete and we will report this in the next <i>Annual Improvement Report</i>.</p>
<p><b>6</b> Publish its next Improvement Objectives early in the financial year and ensure that its Improvement Report is easily accessible to the public in line with the Welsh Government's requirements.</p>	<p>The Council published its first Improvement Objectives in June 2010 as required and has updated them for 2011. The Council has met the statutory requirements although we have identified some areas in which the Council should consider taking action.</p>
<p><b>7</b> Clarify the impact of its Improvement Objectives in terms of the benefits it wants to achieve for citizens and ensure that they are achievable in the context of reduced resources.</p>	<p>Work to develop an appropriate suite of outcome-focused indicators, and also indicators that are aligned more closely with operational activity, is continuing.</p> <p>Developing better indicators will facilitate more robust evaluation and scrutiny of performance. At present, the Council is examining proposals to strengthen arrangements in order to enhance the scrutiny function and identify opportunities to improve service performance.</p> <p>We will continue to monitor how the Council manages performance, in particular in relation to its Improvement Objectives and will report our findings in our next <i>Annual Improvement Report</i>.</p>

Proposals for improvement	Progress
<p><b>8</b> Develop success measures which are supported by information about how the Council performs now, what its targets are, an analysis of cost and how its performance compares with other councils.</p>	<p>The Improvement Objectives and Corporate Plan 2 include measures of success but these are not consistently outcome-focused and there remains in some areas an overreliance on National Strategic Indicators. Some local performance indicators are in place and work to develop better outcome measures is ongoing. However, no baselines or targets are included in the published documents to quantify success. There has been limited work on cost of delivery measures.</p> <p>We will be undertaking work to examine progress in this area and will report this in the next <i>Annual Improvement Report</i>.</p>
<p><b>9</b> Identify minimum service standards for all service areas against which performance can be monitored.</p>	<p>There has been limited progress on setting minimum service standards and we will be undertaking work to examine progress in this area and will report this in the next <i>Annual Improvement Report</i>.</p>
<p><b>10</b> Ensure that the approach to setting Improvement Objectives focused on achieving improved outcomes for citizens is applied to planning, delivering, monitoring and reporting the full range of the Council's functions and activities.</p>	<p>There has been improvement in consultation activity and the Council has consulted with citizens on the coverage and delivery priorities of its individual improvement objectives.</p> <p>The Improvement Objectives and Corporate Plan 2 include measures of success but these are not consistently outcome-focused and there remains in some areas an overreliance on National Strategic Indicators. Some local performance indicators are in place and work to develop better outcome measures is ongoing. However, no baselines or targets are included in the published documents to quantify success.</p> <p>We will be undertaking work to examine progress in this area and will report this in the next <i>Annual Improvement Report</i>.</p>
<p><b>11</b> Provide further training to middle managers and members on financial and budget management to support medium-term financial planning.</p>	<p>The Council will review members' training needs following local government elections in May 2012.</p>

Proposals for improvement	Progress
<p><b>12</b> The Council's Improvement Objectives and Corporate Plan 2 meet the key requirements of the Measure. However, in order to build upon the requirements of statutory guidance the Council could include wider information on activities and outcomes in areas not covered by Improvement Objectives, particularly the impact of planned savings and disinvestments; and ensure summary and Welsh language versions of the Plan are made available as close to publication of the English language version as possible.</p>	<p>The Council will publish its next forward-facing plan in spring 2012.</p>
<p><b>13</b> Ensure there are robust and effective governance arrangements in place when creating integrated services and collaborations, which are subject to regular evaluation of their impact.</p>	

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