

Archwilydd Cyffredinol Cymru  
Auditor General for Wales



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report: 2015-16

## Rhondda Cynon Taf County Borough Council

**Issued:** May 2016

**Document reference:** 358A2016

**This document is a draft version pending further discussions with the audited and inspected body. Information may not yet have been fully verified and should not be widely distributed.**

### **Purpose of this document**

This document is a draft supplied in confidence solely for the purpose of verifying the accuracy and completeness of the information contained in it and to obtain views on the conclusions reached.

### **Handling prior to publication**

This document and the copyright comprised therein is and remains the property of the Auditor General for Wales. It contains information which has been obtained by the Auditor General and the Wales Audit Office under statutory functions solely to discharge statutory functions and has been prepared as the basis for an official document that may be issued or published in due course. It may also contain information the unauthorised disclosure of which may be an offence under section 54 of the Public Audit (Wales) Act 2004. Except as expressly permitted by law, neither the document nor any of its content may be reproduced, stored in a retrieval system and/or transmitted in any form or by any means, or disclosed to any person other than the original recipient without the prior written permission of the Wales Audit Office. It must be safeguarded at all times to prevent publication or other improper use of its content. Unauthorised use or disclosure may result in legal proceedings. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [info.officer@audit.wales](mailto:info.officer@audit.wales).

## About the Auditor General for Wales

---

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

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

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

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

This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Colin Davies and Tim Buckle under the direction of Jane Holownia.

# Contents

---

<b>Summary report</b>	
About this report	4
2015-16 performance audit work	5
With a strong corporate focus upon the effective use of its resources, supported by strengthened service planning and governance arrangements, the Council is well placed to overcome some significant future challenges	6
Recommendations	6
<b>Detailed report</b>	
<b>Performance</b>	8
The Council is strengthening its arrangements for managing improvement and has achieved improvement in its schools and childrens services, but it has significant challenges to overcome in preparation for the implementation of the Social Services and Well Being (Wales) Act	
<b>Use of resources</b>	11
The Council maintains a strong corporate focus upon the effective use of its resources but recognises that there is scope to clarify planning and reporting arrangements to provide assurance that its improvement priorities inform decisions regarding resource allocation	
<b>Governance</b>	13
The Council continues to strengthen its governance arrangements and is making progress in addressing proposals for improvement, but further work is needed in order for it to evaluate the impact of service change	
<b>Appendices</b>	
Appendix 1 – Status of this report	15
Appendix 2 – Annual Audit Letter	16
Appendix 3 – National report recommendations 2015-16	19

## Summary report

---

### About this report

1. This Annual Improvement Report (AIR) summarises the audit work undertaken at Rhondda Cynon Taf County Borough Council (the Council) since the last such report was published in October 2015. This report also includes a summary of the key findings from reports issued by 'relevant regulators', namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner. Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
2. Taking into consideration the work carried out during 2015-16, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2016-17.
3. This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
4. We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@audit.wales](mailto:info@audit.wales) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

## 2015-16 performance audit work

1. In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including the Council's own mechanisms for review and evaluation. For 2015-16, we undertook improvement assessment work under three themes: use of resources; governance; and performance.
2. The work carried out since the last AIR, including that of the 'relevant regulators', is set out below:

Project name	Brief description
<b>Wales Audit Office:</b> Financial Resilience Assessment	Review of the Council's financial position and how it is budgeting and delivering on required savings.
<b>Wales Audit Office:</b> Use of Resources review	Review of the Council's strategic approach to Asset Management.
<b>Wales Audit Office:</b> Performance Management Review	Review of the Council's arrangements for managing improvement.
<b>Wales Audit Office:</b> Governance Review	Review of decision-making arrangements in relation to service change proposals.
<b>Wales Audit Office:</b> Annual 'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives.
<b>Wales Audit Office:</b> Annual 'Assessment of Performance' Audit	Review of the Council's published performance assessment.
<b>Wales Audit Office:</b> Follow-up work	<ul style="list-style-type: none"> <li>• Local Authority Arrangements to Support Safeguarding of Children – follow-up on previous proposals for improvement; and</li> <li>• Review of the Council's corporate processes for responding to regulatory reports, tracking implementation of recommendations and reporting to appropriate committees.</li> </ul>
<b>Estyn:</b> Desk top analysis	An overview of key education performance indicators prepared by Estyn.
<b>CSSIW:</b> Review of the Social Services Department's performance 2014-15	Annual Review and Evaluation of Performance of the Council's social services functions for 2014-15.
<b>Welsh Language Commissioner:</b> Review of the Council's Welsh Language Scheme	Assessment of the effectiveness of the Scheme in providing Council services to members of the public who prefer to communicate in Welsh.

**With a strong corporate focus upon the effective use of its resources, supported by strengthened service planning and governance arrangements, the Council is well placed to overcome some significant future challenges**

3. Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Measure during 2016-17.
4. The Auditor General has reached this conclusion because the Council:
  - is strengthening its arrangements for managing improvement and has achieved improvement in its schools and childrens services, but it has significant challenges to overcome in preparation for the implementation of the Social Services and Well Being (Wales) Act;
  - maintains a strong corporate focus upon the effective use of its resources but recognises that there is scope to clarify planning and reporting arrangements to provide assurance that its improvement priorities inform decisions regarding resource allocation; and
  - continues to strengthen its governance arrangements and is making progress in addressing proposals for improvement, but further work is needed in order for it to evaluate the impact of service change.
5. During 2016-17 the Council will continue to face the challenges associated with continued pressure on public finances against a backdrop of legislative change and rising demand for some services. The Council's robust financial management arrangements and strengthened governance and service planning arrangements place it in good stead meet these challenges. However there are opportunities to make more effective use of data to inform decision-making, and facilitate effective performance evaluation and monitoring, and to monitor the impact on citizens and service users of decisions and service performance.

## **Recommendations**

6. Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
  - make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
  - make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;

- conduct a special inspection and publish a report and make recommendations; and
  - recommend to Ministers of the Welsh Government that they intervene in some way.
7. During the course of the year, the Auditor General did not make any formal recommendations to the Council. However, lower-priority issues, known as proposals for improvement, are contained in our other reports to the Council and may be referred to later on in this report. He also makes recommendations that may be relevant to the Council in his Local Government National Reports. A list of recommendations contained in those reports issued in 2015-16 can be found in [Appendix 3](#). We will continue to monitor proposals for improvement during the course of our improvement assessment work.
8. In addition, the CSSIW, and the Welsh Language Commissioner included areas for improvement in their inspection reports and letters issued to the Council during the year. These are available at [www.cssiw.org.uk](http://www.cssiw.org.uk), [www.estyn.gov.uk](http://www.estyn.gov.uk) and [www.comisiynyddygybraeg.org](http://www.comisiynyddygybraeg.org).
9. Estyn issued no inspection reports to the Council during 2015-16.

## Detailed report

---

### Performance

The Council is strengthening its arrangements for managing improvement and has achieved improvement in its schools and childrens services, but it has significant challenges to overcome in preparation for the implementation of the Social Services and Well Being (Wales) Act

#### Estyn's evaluation of schools performance in Rhondda Cynon Taf

10. The proportion of pupils eligible for free school meals in Rhondda Cynon Taf is much higher than the Wales average. This is taken into account when evaluating the performance in the authority.
11. Performance in the Foundation Phase indicator<sup>1</sup> has improved at a faster rate than for Wales as a whole. It is just below the Wales average in 2015, and slightly better than in similar authorities. Performance in the core subject indicators<sup>2</sup> for key stages 2 and 3 has improved at a similar rate to Wales as a whole and has remained broadly average compared with levels in similar authorities.
12. At key stage 4, the percentage of pupils achieving the level 2 indicator including English or Welsh and mathematics<sup>3</sup> and the average capped points score has improved in recent years at a faster rate than in Wales as a whole. In 2015, performance in the level 2 indicator including English or Welsh and mathematics is slightly higher than in similar authorities and performance in the average capped points score is much higher than in similar authorities and higher than the Wales average for the first time in five years. In 2015 and 2014, the authority has exceeded both of the benchmarks for performance in the main indicators<sup>4</sup> at key stage 4 set by the Welsh Government, having met them both in 2013.
13. Attendance has improved in primary and secondary schools at a faster rate than for Wales as a whole, and is close to the Wales average in 2015.

---

<sup>1</sup> The **Foundation Phase indicator** refers to the percentage of pupils who reach the expected performance (outcome level 5) in three areas of learning in the Foundation Phase: literacy, language and communication in English or Welsh first language; mathematical development; and personal and social development, wellbeing and cultural diversity.

<sup>2</sup> The **core subject indicator** refers to the percentage of pupils who attain the level expected of them in mathematics, science and either English or Welsh as a first language. This equates to level 4 or above at key stage 2 and level 5 or above at key stage 3.

<sup>3</sup> The **level 2 indicator including English or Welsh and mathematics** represents a volume of learning equivalent to five GCSEs at grade A\* to C including English or Welsh first language and mathematics.

<sup>4</sup> Where the text refers to '**main indicators**', at key stage 4 this would include the level 1 indicator (a volume of learning equivalent to five GCSEs at grade A\* to G), the level 2 indicator (a volume of learning equivalent to five GCSEs at grade A\* to C), and the percentage of pupils achieving five GCSEs at grade A\* to A, in addition to the core subject indicator and the level 2 indicator including English or Welsh and mathematics. The 'main indicators' prior to key stage 4 are the Foundation Phase indicator and core subject indicators for key stages 2 and 3. The performance indicators for the Foundation Phase key stages 2 and 3 are based on teacher assessment. The performance indicators for key stage 4 are based on externally verified qualifications such as GCSEs.



14. In all of the main performance indicators across all phases, the performance of pupils eligible for free school meals has improved in recent years. However, in primary schools the performance of these pupils in 2015 is below the average for similar pupils across Wales. In secondary schools, the performance of these pupils in 2015 is generally close to the Wales average for similar pupils.

The Council has made some improvements in childrens services, but has significant challenges to overcome in modernising its social services provision in preparation for the implementation of the Social Services and Well Being (Wales) Act

15. The CSSIW published its [Annual Review and Evaluation of Performance 2014/2015 in October 2015 and this is available on its website](#). The CSSIW reported that the new director of social services took up post during 2014-15 and there have been changes in other senior appointments this year and during 2015-16. This, and the challenges of the implementation of the Social Services and Wellbeing (Wales) Act 2014 (SSWBW Act), presents the Council with an increased opportunity to modernise services. The director is aware of the need to fully engage in a public and political debate around the level of direct services provided for people within the authority. Levels of residential care for older people, looked after children and child protection registrations are high. There is a significant challenge for the Council in safely reducing these figures by promoting independence and alternative accommodation options for adults and increasing the impact of prevention and earlier intervention services to reduce the need for compulsory interventions with families.
16. The CSSIW also reported that there is a clear governmental imperative for social services and health to integrate services where possible. There is room for improvement here for both agencies to improve operational lines of communication, agree shared thresholds and assessments and pick up the pace of change. The CSSIW also identified concerns with the operation of adult safeguarding arrangements during the year and will be following up with the Council the progress it has made in this area. CSSIW were also pleased to note the intention of the director to introduce more robust quality assurance and performance management systems, such that the Council can better assure itself that services are being run efficiently and to maximise positive outcomes for service users. This is particularly important in times of financial austerity. There have been improvements noted in children's services during the year. The CSSIW has recommended continued monitoring of the policy of using staff who are not qualified social workers to case manage looked after children, since this is not a policy followed by other Welsh councils.

**The Council is strengthening its arrangements for managing improvement but needs to continue to develop its approach to assessing the delivery of outcomes for citizens**

17. During 2015-16, we examined whether the Council has robust arrangements in place for managing improvement and whether they support the delivery of improved outcomes for service users and citizens. We looked at how performance is evaluated, the action taken as a result of performance evaluation and whether the Council reviews the effectiveness of its arrangements to deliver improved outcomes for citizens.
18. We found that the Council is identifying its priorities and desired outcomes but further work is needed to define how performance will be assessed in delivering them. The Council is improving its service planning processes, including the use of self-evaluation across all service areas and the requirement for all service areas to produce Delivery Plans for 2016-17. However, scope remains for the Council to further improve links between its service and financial planning. The linking of priority outcomes and performance targets to budgets remains unclear, and whilst the Council reports financial and performance information in a single report, links are not drawn sufficiently between performance and financial information.
19. The Council is actively reviewing the effectiveness of its arrangements for managing improvement and making positive changes including increased challenge at a political and senior management level, and developing the role of scrutiny. We consider that the role of scrutiny in this process needs to embed further in order to help drive improvement and demonstrate impact.

**The Council discharged its improvement planning and reporting duties under the Measure**

20. In June 2015, the Council discharged its improvement planning and reporting duties through the publication of a Corporate Performance Report. Following our Audit of this document we issued certificates in June 2015 and August 2015 stating our view that the Council had complied with its improvement planning and reporting responsibilities.

**Welsh Language Commissioner's evaluation of Rhondda Cynon Taf County Borough Council's performance**

21. The role of the Welsh Language Commissioner (the Commissioner) was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The Commissioner will continue to review Welsh-language schemes by virtue of powers inherited under the Welsh Language Act 1993.
22. 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.

23. Inspection reports and letters issued to the Council during the year by the Commissioner are available on the [Commissioner's website](#).

## Use of resources

The Council maintains a strong corporate focus upon the effective use of its resources but recognises that there is scope to clarify planning and reporting arrangements to provide assurance that its improvement priorities inform decisions regarding resource allocation

The Council has robust arrangements for financial planning, management and governance, however, there is scope to enhance the links between the Council's Corporate and Medium Term Planning processes

24. During 2015-16 we undertook a financial resilience assessment of the Council. We considered whether the Council has appropriate arrangements to plan to secure and maintain its financial resilience in the medium term. The focus of the work was on the delivery of 2014-15 savings plans, and the 2015-16 financial planning period. In reaching our view on the Council's financial resilience we have considered evidence of the Council's approach to managing its finances in the recent past and over the medium term. We found that the Council has robust arrangements for financial planning, management and governance, however, there is scope to enhance the links between the Council's Corporate and Medium Term Financial Planning processes.
25. We came to this conclusion because the Council has a well-established corporate framework for financial planning that has served it well over a number of years and it has a track record of delivering its planned budget. However, there remains scope to enhance the transparency of its financial planning arrangements. We also found that there remains scope to integrate medium-term financial planning and corporate planning processes more closely in order to strengthen the linkage between the Council's improvement objectives and resources allocated to them. Providing stronger and clearer links between the Council's corporate and medium-term financial planning arrangements would help to provide assurance that the Council's improvement priorities informed decisions regarding resource allocation. In recognition of this we understand that officers intend to prepare a single, medium-term financial plan over the summer months to inform the next budget setting round.

The Council has begun to engage its communities in taking a proactive approach to the future management of its assets, but there is scope to strengthen performance reporting arrangements to better support oversight and decision making in relation to asset management

- 26.** As part of our improvement assessment work during 2015-16 we reviewed the Council's strategic approach to asset management. We examined the plans, structures and processes that support the management of the Council's assets as well as links with other key corporate arrangements such as the Council's financial management and improvement planning processes. The review also included consideration of the Council's arrangements for engaging with internal and external stakeholders as well as arrangements for managing the performance of assets. We concluded that the Council has begun to engage its communities in taking a proactive approach to the future management of its assets, but there is scope to strengthen performance reporting arrangements to better support oversight and decision-making in relation to asset management.
- 27.** We arrived at this conclusion because asset management has a high profile and is being driven at a strategic level within the Council, and the recent senior management restructure has strengthened corporate working in relation to asset management. In addition the Council's proactive approach to asset management also includes engaging communities in the transfer of assets and delivery of services. However, we also found that performance reporting arrangements do not provide elected members and corporate senior management with a comprehensive picture of the management of the Council's assets.

#### Audit of the Council's accounts

- 28.** On 30 November 2015, the Auditor General issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. The Annual Audit Letter can be found in Appendix 2 of this report.

## Governance

The Council continues to strengthen its governance arrangements and is making progress in addressing proposals for improvement, but further work is needed in order for it to evaluate the impact of service change

The Council has strengthened its decision-making processes in relation to service change but corporate arrangements for assessing the impact of service changes are underdeveloped

29. During 2015-16, we examined the Council's corporate arrangements for developing and delivering service change proposals and looked at a number of recent decisions on service change proposals that the Council has taken. The project included a consideration of the role of scrutiny and challenge in decision-making processes as well as arrangements for engaging and communicating with stakeholders and arrangements for monitoring the impact of decisions.
30. We found that the Council has strengthened its decision-making processes in relation to service change but corporate arrangements for assessing the impact of service changes are underdeveloped. We came to this conclusion because the Council has well-developed processes for determining its service change proposals and is redefining its vision to be clearer about priorities for future service change. The Council is also more proactive in engaging stakeholders and is providing information on a wider range of options to support decision-makers. However, the Council's recently revised scrutiny arrangements need to embed to enable effective oversight of decisions. The Council has also begun to assess the impact of some service changes but corporate arrangements for assessing impact are underdeveloped.

The Council is strengthening its processes for responding to external regulatory reports

31. The Council has recently put in place arrangements to ensure that reports from external regulators are communicated internally within the Council, and are reported to the appropriate Committee. Upon receipt of reports, the Council now ensures that senior managers, as well as either the Audit Committee or appropriate scrutiny committee receive them. The Council has also recently established a register of recent reports of external regulators, that includes reference to when the Council's response to any report of an external regulator has been considered by an appropriate Committee. The Council has also developed a template to be completed by Officers outlining progress in addressing recommendations for presentation to the relevant Committee.
32. As the introduction of these arrangements is relatively recent, it is too early to assess the extent to which the Council's response to all regulatory reports will be subject to appropriate challenge and monitoring arrangements. There is, however, an opportunity to strengthen arrangements further through clarifying the role of respective committees

in receiving regulatory reports. Arrangements could also be strengthened by establishing clear arrangements for monitoring the Council's progress in addressing any recommendations or proposals for improvement from external regulators.

The Council is now making progress in addressing each of our previous proposals for improvement in relation to corporate arrangements to support the safeguarding of children, but has not yet fully addressed them

**33.** In October 2014, we reported our local findings to the Council following our national review of Local Authority Arrangements to Support Safeguarding of Children. In reporting our findings we made four proposals for improvement to the Council. In February 2016, we reviewed the Council's progress in addressing the proposals for improvement and found that 'The Council is strengthening its corporate arrangements to support the safeguarding of children and is making progress in addressing our previous proposals for improvement.' We came to this conclusion because the Council has:

- developed a draft Corporate Safeguarding Policy;
- developed a draft corporate safeguarding risk register, and intends to incorporate service risks into its service delivery plans;
- identified key corporate performance measures for safeguarding, although not all of the measures are finalised; and
- begun to deliver a training programme for staff, and there are plans to deliver training for elected members from May 2016.

## Appendix 1

---

### Status of this report

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

This report has been produced by staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority's track record of improvement. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

## Appendix 2

---

### Annual Audit Letter

Mr Andrew Morgan,  
Leader  
Rhondda Cynon Taf County Borough Council  
The Pavilions  
Clydach Vale  
Tonypany  
CF40 2XX

Reference	689A2015
Date	30 November 2015

Dear Councillor Morgan

### Annual Audit Letter – Rhondda Cynon Taf County Borough Council 2014-15

This letter summarises the key messages arising from the Auditor General for Wales' statutory responsibilities under the Public Audit (Wales) Act 2004 and 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 annual accounting statements 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 30 September 2015, I issued a preliminary unqualified audit opinion on the accounting statements stating 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 Council in my Audit of Financial Statements report on 30 September 2015. I could not issue a certificate concluding the audit at this time because of the ongoing consideration of an objection received in relation to the accounts.

I also issued unqualified opinions on the Council's Whole of Government Accounts return and the accounts of the following joint committees for which the Council has administrative responsibility:

- Llwydcoed Crematorium
- Central South Education Consortium

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

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. My Annual Improvement Report will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made.

I will shortly be issuing a report on the Council's financial resilience which will highlight areas of good practice and where further improvement may be required.

**I issued a certificate confirming that the audit of the accounts had been completed on 26 November 2015.**

I was able to conclude on the objection to the accounts in October and responded to the elector stating I could not accept his objection and did not propose any further formal audit action. I issued my final report on the accounts to the Council on 18 November 2015 which was considered by Council on 25 November and I was able to issue my final opinion and certificate of completion on 26 November.

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

There were no issues arising from my audit of 2013-14 claims which I need to bring to your attention and my ongoing work on claims for 2014-15 has not identified any issues. If any issues arise I will report these next year.

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

Yours sincerely

**John Herniman**  
**For and on behalf of the Auditor General for Wales**

## Appendix 3

### National report recommendations 2015-16

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

Date of report	Title of review	Recommendation
		<p>R7 Councils should:</p> <ul style="list-style-type: none"> <li>strengthen budget setting and monitoring arrangements to ensure financial resilience; and</li> <li>review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems.</li> </ul> <p>R8 Councils must review their finance teams and ensure that they have sufficient capacity and capability to meet future demands.</p> <p>R9 Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.</p>
June 2015	Achieving improvement in support to schools through regional education consortia – an early view	<p>R1 To clarify the nature and operation of consortia. We found there to be continuing uncertainty about some aspects of the nature of regional consortia and their present and future scope (paragraphs 2.2 to 2.20). We therefore recommend:</p> <ul style="list-style-type: none"> <li>Local authorities should clarify whether consortia services are jointly provided or are commissioned services (services provided under joint-committee arrangements are jointly provided services and are not commissioned services).</li> </ul> <p>R2 To focus on outcomes through medium-term planning. We found that the development of effective regional consortia was hindered by a focus on short-term actions and uncertainty about the future of consortia (paragraphs 2.33 to 2.36; 3.16 to 3.17). We therefore recommend:</p> <ul style="list-style-type: none"> <li>As any possible local authority re-organisation will not be fully implemented until 2020, the Welsh Government and regional consortia should develop three-year plans for the further development, scope, and funding of regional consortia linked to appropriate strategic objectives.</li> </ul>

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

Date of report	Title of review	Recommendation
		<p>R5 To improve the effectiveness of governance and management of regional consortia.</p> <p>Whilst continuing progress is being made, we found that regional consortia have not yet developed fully effective governance and financial management arrangements (paragraphs 3.2 to 3.36). We therefore recommend that local authorities and their regional consortia should:</p> <ul style="list-style-type: none"> <li>• improve their use of self-evaluation of their performance and governance arrangements and use this to support business planning and their annual reviews of governance to inform their annual governance statements;</li> <li>• improve performance management including better business planning, use of clear and measurable performance measures, and the assessment of value for money;</li> <li>• make strategic risk management an integral part of their management arrangements and report regularly at joint committee or board level;</li> <li>• develop their financial management arrangements to ensure that budgeting, financial monitoring and reporting cover all relevant income and expenditure, including grants funding spent through local authorities;</li> <li>• develop joint scrutiny arrangements of the overall consortia as well as scrutiny of performance by individual authorities, which may involve establishment of a joint scrutiny committee or co-ordinated work by local authority scrutiny committees;</li> <li>• ensure the openness and transparency of consortia decision making and arrangements;</li> <li>• recognise and address any potential conflicts of interest; and where staff have more than one employer, regional consortia should ensure lines of accountability are clear and all staff are aware of the roles undertaken; and</li> <li>• develop robust communications strategies for engagement with all key stakeholders.</li> </ul>
July 2015	Review of Corporate Safeguarding Arrangements in Welsh Councils	<p>R1 Improve corporate leadership and comply with Welsh Government policy on safeguarding through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements;</li> <li>• the appointment of a lead member for safeguarding; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul>

Date of report	Title of review	Recommendation
		<p>R2 Ensure there is a corporate-wide policy on safeguarding covering all Council services to provide a clear strategic direction and clear lines of accountability across the Council.</p> <p>R3 Strengthen safe recruitment of staff and volunteers by:</p> <ul style="list-style-type: none"> <li>• ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children;</li> <li>• creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and</li> <li>• requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the Council which are underpinned by a contract or service level agreement.</li> </ul> <p>R4 Ensure all relevant staff, members and partners understand their safeguarding responsibilities by:</p> <ul style="list-style-type: none"> <li>• ensuring safeguarding training is mandated and coverage extended to all relevant Council service areas, and is included as standard on induction programmes;</li> <li>• creating a corporate-wide system to identify, track and monitor compliance on attending safeguarding training in all Council departments, elected members, schools, governors and volunteers; and</li> <li>• requiring relevant staff in partner organisations who are commissioned to work for the Council in delivering services to children and young people to undertake safeguarding training.</li> </ul> <p>R5 In revising guidance, the Welsh Government should clarify its expectations of local authorities regarding the roles and responsibilities of the designated officer within education services, and the named person at senior management level responsible for promoting the safeguarding.</p>

Date of report	Title of review	Recommendation
		<p>R6 Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and Council-wide set of performance information covering:</p> <ul style="list-style-type: none"> <li>• benchmarking and comparisons with others;</li> <li>• conclusions of internal and external audit/inspection reviews;</li> <li>• service-based performance data;</li> <li>• key personnel data such as safeguarding training, and DBS recruitment checks; and</li> <li>• the performance of contractors and commissioned services on compliance with Council safeguarding responsibilities.</li> </ul> <p>R7 Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the Council's safeguarding practices.</p> <p>R8 Ensure the risks associated with safeguarding are considered at both a corporate and service level in developing and agreeing risk management plans across the Council.</p>
October 2015	Supporting the Independence of Older People: Are Councils Doing Enough?	<p>R1 Improve governance, accountability and corporate leadership on older people's issues through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for co-ordinating and leading the Council's work on older people's services;</li> <li>• realigning the work of the older people's strategy co-ordinators to support development and delivery of plans for services that contribute to the independence of older people;</li> <li>• the appointment of a member champion for older people's services; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul>



Date of report	Title of review	Recommendation
		<p>R2 Improve strategic planning and better co-ordinate activity for services to older people by:</p> <ul style="list-style-type: none"> <li>• ensuring comprehensive action plans are in place that cover the work of all relevant Council departments and the work of external stakeholders outside of health and social care; and</li> <li>• engaging with residents and partners in the development of plans, and in developing and agreeing priorities.</li> </ul> <p>R3 Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.</p> <p>R4 Ensure effective management of performance for the range of services that support older people to live independently by:</p> <ul style="list-style-type: none"> <li>• setting appropriate measures to enable members, officers and the public to judge progress in delivering actions for all Council services;</li> <li>• ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and</li> <li>• establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny.</li> </ul> <p>R5 Ensure compliance with the Public Sector Equality Duty when undertaking equality impact assessments by:</p> <ul style="list-style-type: none"> <li>• setting out how changes to services or cuts in budgets will affect groups with protected characteristics;</li> <li>• quantifying the potential impact and the mitigation actions that will be delivered to reduce the potentially negative effect on groups with protected characteristics;</li> <li>• indicating the potential numbers who would be affected by the proposed changes or new policy by identifying the impact on those with protected characteristics; and</li> <li>• ensuring supporting activity such as surveys, focus groups and information campaigns includes sufficient information to enable service users to clearly understand the impact of proposed changes on them.</li> </ul>

Date of report	Title of review	Recommendation
		<p>R6 Improve the management and impact of the Intermediate Care Fund by:</p> <ul style="list-style-type: none"> <li>• setting a performance baseline at the start of projects to be able to judge the impact of these over time;</li> <li>• agreeing the format and coverage of monitoring reports to enable funded projects to be evaluated on a like-for-like basis against the criteria for the fund, to judge which are having the greatest positive impact and how many schemes have been mainstreamed into core funding; and</li> <li>• improving engagement with the full range of partners to ensure as wide a range of partners are encouraged to participate in future initiatives and programmes.</li> </ul>
December 2015	Delivering with less – Leisure Services	<p>R1 Improve strategic planning in leisure services by:</p> <ul style="list-style-type: none"> <li>• setting an agreed Council vision for leisure services;</li> <li>• agreeing priorities for leisure services;</li> <li>• focusing on the Council’s position within the wider community sport and leisure provision within the area; and</li> <li>• considering the potential to deliver services on a regional basis.</li> </ul> <p>R2 Undertake an options appraisal to identify the most appropriate delivery model based on the Council’s agreed vision and priorities for leisure services which considers:</p> <ul style="list-style-type: none"> <li>• the availability of capital and revenue financing in the next three to five years;</li> <li>• options to improve the commercial focus of leisure services;</li> <li>• opportunities to improve income generation and reduce Council ‘subsidy’;</li> <li>• a cost-benefit analysis of all the options available to deliver leisure services in the future;</li> <li>• the contribution of leisure services to the Council’s wider public health role;</li> <li>• better engagement with the public to ensure the views and needs of users and potential users are clearly identified;</li> <li>• the impact of different options on groups with protected characteristics under the public sector equality duty; and</li> <li>• the sustainability of service provision in the future.</li> </ul>

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

Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

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: [post@archwilio.cymru](mailto:post@archwilio.cymru)

Gwefan: [www.archwilio.cymru](http://www.archwilio.cymru)

APPENDIX 5

**COUNCIL ACTION PLAN TO RESPOND TO WAO PROPOSALS FOR IMPROVEMENT**

Proposal for improvement	Council response	Timescale for action	Officer responsible
<b>Financial Resilience Assessment</b>			
P1 - The Council should further align its Corporate and Medium Term Financial processes including more clearly demonstrating the links between the allocation of resources and the Council's priorities to help inform decision making.	Agreed. A Medium Term Financial Plan will be presented to Cabinet in the Autumn to inform decision making.	September 2016	Group Director of Corporate and Frontline Services
P2 – The Council should consider developing a policy and register for fees and charges with associated guidelines on concessions.	Agreed. A policy and register for fees will be presented to Cabinet in the Autumn to inform the budget setting process.	September 2016	Group Director of Corporate and Frontline Services
P3 – The Council should enhance the description and reporting of its proposed use of earmarked reserves in reporting to councillors when developing its budget strategy.	Agreed. This will be considered as part of the Medium Term Financial Plan.	September 2016	Group Director of Corporate and Frontline Services
<b>Review of the Council's arrangements for managing improvement</b>			
P1 – The Council considers and more clearly demonstrates links between available resources, service planning and performance targets.	Agreed. Of the course of 2016/17, the financial and performance reports presented to Cabinet and Scrutiny Committees will be improved, each quarter, to address this.	March 2017	Group Director of Corporate and Frontline Services

Proposal for improvement	Council response	Timescale for action	Officer responsible
<p>P2 – The Council continues to review and support the effectiveness of scrutiny in supporting its improvement agenda.</p>	<p>Agreed. Improvements continue to be made to improving the effectiveness of scrutiny. The new scrutiny arrangements have been in place for one year, and further steps have been taken to enhance these arrangements such as; the development of a more outcome focused approach, pre scrutiny of key Council business and more cohesive relationships between the Executive and Scrutiny Chairs. These changes will be reviewed at the end of 2016/17</p>	<p>March 2017</p>	<p>Director of Legal &amp; Democratic Services</p>
<p><b>Review of decision making arrangements in relation to service change</b></p>			
<p>P1 – The Council enhance the forward work programme for Cabinet by including details of the purpose and contents of reports, and making the programme accessible to facilitate opportunities for pre-decision scrutiny.</p>	<p>Agreed. Improvements to the forward work programme for Cabinet were introduced in December 2015 and further improvements are planned in the summer of 2016.</p>	<p>July 2016</p>	<p>Director of Cabinet &amp; Public Relations</p>

Proposal for improvement	Council response	Timescale for action	Officer responsible
<p>P2 – the Council develop an approach to systematically capture the impact of service changes and use this intelligence to inform future decision making in relation to service change.</p>	<p>Agreed. A number of prior service changes have been reported to Cabinet and/or Scrutiny Committees, but not systematically. In the future, all major service changes will be reported back to Cabinet and Scrutiny on a six monthly basis for the first year of the change.</p>	<p>As and when required</p>	<p>Chief Executive/Group Director</p>

This page intentionally blank