

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2014-2015**

**OVERVIEW AND SCRUTINY  
COMMITTEE**

**15 OCTOBER 2014**

**REPORT OF THE DIRECTOR OF  
LEGAL & DEMOCRATIC SERVICES**

**Agenda Item No. 6**

**WALES AUDIT OFFICE  
ANNUAL IMPROVEMENT REPORT FOR  
RHONDDA CYNON TAF**

**Author: Mrs Ann Edwards, Scrutiny Support Officer  
Tel. No.: 01443 424102**

**1. PURPOSE OF THE REPORT**

The purpose of the report is to provide Members with the opportunity to consider the findings set out in the Wales Audit Office (WAO) Annual Improvement Report for Rhondda Cynon Taf.

**2. RECOMMENDATIONS**

Members are asked to:

- (i) note the content of the Wales Audit Office Annual Improvement Report
- (ii) consider its response to Cabinet/full Council in relation to the areas highlighted for improvement .

**3. BACKGROUND**

- 3.1 At the meeting of the Council held on 23<sup>rd</sup> July 2014 it was **RESOLVED** "to note the contents of the Annual Improvement Report and to refer the Report to the Overview & Scrutiny Committee to look at the areas highlighted for improvement and report back to the Cabinet and full Council on their findings and recommendations".
- 3.2 The Annual Improvement Report is attached as an appendix for Members' consideration.





# Annual Improvement Report

## Rhondda Cynon Taf County Borough Council

Issued: July 2013

Document reference: 313A2014

# 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, 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.

Together with appointed auditors, 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 Justine Morgan under the direction of Jane Holownia.

# Contents

<b>Summary report and recommendations</b>	4
<b>Detailed report</b>	
Introduction	6
The Council is responding well to issues raised by regulators by driving improvement in its education and social services, but faces a significant challenge in meeting national targets for waste recycling	7
The Council's scrutiny and reporting of performance is improving although there is scope to better evaluate the progress it is making towards achieving its improvement priorities	13
The Council's strategic financial planning arrangements remain sound but improved communication and engagement with citizens is needed around the scale of the Council's improvement ambitions and the impact of service changes in its priority areas	15
The Council is likely to make arrangements to secure continuous improvement for 2014-15	20
<b>Appendices</b>	
Appendix 1 Status of this report	21
Appendix 2 Useful information about Rhondda Cynon Taf and Rhondda Cynon Taf County Borough Council	22
Appendix 3 Annual Audit Letter	24
Appendix 4 Rhondda Cynon Taf County Borough Council's improvement objectives and self-assessment	26

# Summary report and recommendations

## Summary

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. This report sets out the findings of the work undertaken on behalf of the Auditor General by staff of the Wales Audit Office and draws on the work of the relevant Welsh inspectorates. The report covers Rhondda Cynon Taf County Borough Council's (the Council) delivery and evaluation of services in relation to 2012-13, its planning of improvement for 2013-14 and, taking these into account, records the Auditor General's conclusion on whether he believes that the Council will make arrangements to secure continuous improvement for 2014-15.
- 2 We found that, in 2012-13, the Council responded well to issues raised by regulators by driving improvement in its education and social services, but still faces a significant challenge in meeting national targets for waste recycling. We came to this conclusion because:
  - the Council is achieving improvement in its education services for children and young people;
  - the Council is improving services to its vulnerable citizens but more work is needed to build professional capacity and improve the timeliness of assessments in children's services;
  - recycling performance is improving but a step change in the rate of progress is needed if the Council is to meet national targets; and
  - the Council is working to ensure that the need for Welsh Language provision is properly considered at the service planning stage.
- 3 We also found that the Council's scrutiny and reporting of performance is improving although there is scope to better evaluate the progress it is making towards achieving its improvement priorities. We came to this conclusion because:
  - the Council's Annual Delivery Report provides a fair and balanced assessment of performance although the Council could do more to evaluate the progress it is making against its improvement priorities;
  - the Council has embraced opportunities to further develop in the role of the member in effectively scrutinising its improvement planning and performance, although the implementation of these new arrangements is at an early stage; and
  - the Council complied with its responsibilities relating to financial reporting and use of resources.

4 Finally, we found that, during 2013-14, the Council's strategic financial planning arrangements remained sound but improved communication and engagement with citizens is needed around the scale of the Council's improvement ambitions and the impact of service changes in its priority areas. We came to this conclusion because:

- whilst the Council has discharged its statutory improvement planning duties, its improvement ambitions are not articulated clearly enough, it cannot rely upon the quality and accuracy of some of its performance measures and its public plans do not facilitate effective engagement with citizens;
- the Council continues to make progress in addressing the areas for improvement identified in our previous assessments; and
- the Council continues to have a robust approach to achieving efficiency and reducing its base budget but is facing an unprecedented financial challenge over the medium term.

5 Taking the above into account, the Auditor General believes that the Council is likely to make arrangements to secure continuous improvement for 2014-15.

## Recommendations

6 We make no new recommendations this year, and this report sets out the progress the Council is making to address the proposals for improvement made in our previous reports. Those proposals for improvement are set out in our improvement assessment letters issued to the Council during the course of the year. These letters are available on our website: [www.wao.gov.uk](http://www.wao.gov.uk).

# Detailed report

## Introduction

- 7 Under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. **Appendix 1** provides more information about the Auditor General's powers and duties under the Measure. This work has been undertaken by staff of the Wales Audit Office. With help from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (the CSSIW), and the Welsh Language Commissioner (the Commissioner) we have brought together a picture of what each council or authority in Wales is trying to achieve, how it is going about it, and the progress the Council has made since the Auditor General published his last annual improvement report. The report also draws on the Council's own self-assessment. Finally, taking all this into account, the report concludes whether the Auditor General believes that the Council is likely to make arrangements to secure continuous improvement for 2014-15.
- 8 We do not undertake a comprehensive annual review of all Council arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge and the findings of prioritised work undertaken this year.
- 9 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:
- 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.
- 10 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 is responding well to issues raised by regulators by driving improvement in its education and social services, but faces a significant challenge in meeting national targets for waste recycling

### The Council is achieving improvement in its education services for children and young people

- 11 Following its inspection of education services for children and young people in March 2012, Estyn identified that the Council required further monitoring. The Council produced an appropriately detailed post-inspection action plan with clear incremental steps to achieve improvement in its education services for children and young people. This action plan was agreed by elected members, the Chief Executive and the Director of Education and Lifelong Learning, who all acknowledged the need for swift action in order to remove barriers to progress and improve planning and performance management.
- 12 Estyn carried out a monitoring visit in December 2013, to review progress made by the Council and published the outcome of its visit in January 2014. Its findings are summarised in [paragraphs 13 to 17](#).
- 13 The Council is making better use of the powers it has available for the improvement in leadership and management in its schools. It has developed an integrated approach to underpin its school improvement strategy, which includes a revised and improved Partnership Agreement, and revised human resource and performance management policies and procedures. This means the respective responsibilities of schools, the local authority and the Central South Consortium for school improvement, and the consequences of poor performance, are clearer.
- 14 The Council has increased the use of its intervention powers, and focused this on performance improvement, rather than simply imposing sanctions. In partnership with the regional school improvement consortium, the Council undertakes regular performance reviews of its schools. Where there is under-performance, the Council now more robustly challenges its schools to improve. The Council informs its challenge with a clear evidence base, which leads to an agreed incremental plan for improvement and appropriate targeted support. For example, this support may include financial assistance to secure mentoring and support for the head teacher, curriculum managers and teachers and learning support assistants.
- 15 Following Council notification to improve, most schools have responded well, and have demonstrated clear improvement against their agreed action plans. However, where there has been limited improvement the Council, head teachers and governing bodies have escalated intervention to competency and capability procedures. The Council has made sound progress in establishing this approach to using its powers for intervention. However, there remain a few schools that do not support the approach.
- 16 The Council has a suitable strategic approach to reorganisation, and has consulted effectively with key stakeholders in producing proposals for school reorganisation. Firm plans are in place to remove surplus places in primary and in secondary schools. These plans include

a comprehensive school modernisation strategy comprising of school closures, amalgamations and the creation of all-age schools.

- 17 There is a clear political will and a strong financial commitment to implement the *21st Century Schools* programme, and elected members have taken difficult decisions regarding school reorganisation. Since the inspection in 2012, the Council has reduced the number of primary schools with significant surplus capacity from 68 to 42 and has reduced the total number of surplus places in primary schools by 1,864. In secondary schools, surplus places have increased since the last inspection. However, it is projected that the closure of three secondary schools in August 2014 and a new school building, which is planned to open in April 2015, will reduce surplus places by 932. The Council has supported head teachers involved in the school reorganisation process well, involving them effectively in the planning process and taking good account of their views.
- 18 Estyn carried out a further monitoring visit, in April 2014, to review progress made by the Council in improving pupil attendance and better evaluating data across service areas and partnerships to drive improvements in outcomes for learners. We will report a summary of its findings once they become publically available.

**The Council is improving services to its vulnerable citizens but more work is needed to build professional capacity and improve the timeliness of assessments in children's services**

- 19 The CSSIW published its *Annual Review and Evaluation of Performance 2012/2013* in October 2013 and this is available on its website: [www.cssiw.org.uk](http://www.cssiw.org.uk). The CSSIW reported that the Director of Social Service's report provides a clear overview of the Council's performance for 2012-13. Heads of service plans clearly set out the divisional objectives and achievements as well as the challenges that the Council faces over the next few years. In response to last year's evaluation, the CSSIW found that the Council has made progress in a number of areas including the implementation of commissioning strategies in both adult and children's services. The preventative agenda continues to be developed. In children's services more work is needed around the timeliness of assessments and capacity issues to ensure children are appropriately safeguarded. The CSSIW's findings are summarised in **paragraphs 20 to 26**.
- 20 The Council is continuing with its ambitious programme of modernising social services. A number of strategies are in place that are helping the Council build a culture of supporting independence on a locality basis in partnership with other key stakeholders. The Council has a number of mature relationships, particularly with the local health board and third sector partners that work harmoniously.

- 21 Staff and members have a strong sense of pride in what they do, delivering a high level of services that are appreciated by local people. This is reflected in the continuing provision of support to the adult community at all four levels of eligibility criteria. The challenge in the future will be to manage this level of support for frontline services which may become unaffordable in the light of economic pressures that all local authorities are facing.
- 22 The pace of change in adult services has increased with a number of initiatives identified in last year's report now coming to fruition. A revised operating model was introduced to assist people to remain as independent as possible, whilst ensuring that they are safe. Work around reablement and first access has progressed. Longer-term plans are in place to re-tender domiciliary care services, review contracts with the voluntary sector and consider the future of all in-house direct provision to ensure value for money is achieved, while meeting the changing needs of the citizens.
- 23 Progress has been made in children's services in a number of areas that were identified for improvement in their previous evaluation; however some areas still require attention. A recent inspection found evidence of the positive value that preventative services bring to children and families. There are examples of good case work practice as well as good arrangements with statutory and voluntary agencies. The commissioning strategy for children's services is now operational. However, little progress has been achieved around some workforce issues that have been identified as areas of concern for some years. These have yet to be addressed satisfactorily.
- 24 The Council's overall performance in child protection work (in terms of convening conferences and core group meetings) is in line with similar councils. But there were a number of instances when children on the child protection register were not recorded as having an allocated social worker. This is a cause for significant concern. Similarly, only 70 per cent of looked-after children were allocated to a social worker, which is much lower than any other council in Wales.
- 25 The CSSIW identified the following potential risks at the Council:
- the Council's ability to manage frontline services within budget particularly, bearing in mind the high numbers of children on the child protection register and in the looked-after system;
  - the Council's ability to continue to offer support to people at all levels of eligibility criteria given the level of demand for services;
  - instances of children on the child protection register not being allocated a social worker; and
  - looked-after children not being allocated and supported by a social worker.

- 26 The CSSIW also identified the following areas of good practice:
- child appreciation days where sibling groups who are adopted can share their histories as a family;
  - the Social Care Accolade awards relating to innovative training and raising awareness about the impact of anti-social behaviour in children’s services;
  - *Butterfly* project in partnership with Dementia Care Matters to improve the quality of in-house dementia residential care home provision; and
  - ongoing work with carers around involvement in shaping services for the future.

**Recycling performance is improving but a step change in the rate of progress is needed if the Council is to meet national targets**

- 27 The Council identified reducing the amount of waste going to landfill and increasing recycling rates as priorities for improvement for 2012-13. However, although performance has improved over recent years, it remains well below the national target to recycle 52 per cent of waste by 2012-13. The Council recycled only 46.2 per cent of its waste in 2012-13, representing the worst performance in Wales.

- 28 More positively, the tonnage going to landfill has steadily decreased over the last three years. In 2012-13, the Council sent 38.2 per cent of municipal waste to landfill, five per cent less than in the previous year and less than most other Welsh councils (ranked 5th of 22). However it is unclear, given this positive trend, why the Council has set itself a target to send as much as 48 per cent of its waste to landfill in 2013-14. This would represent bottom quartile performance compared to other Welsh councils. Conversely, clear targets are in place to increase recycling performance by three percentage points each year, which is consistent with the need for the Council to meet the national target of 58 per cent by 2015-16. Any failure to achieve this target could well result in the Council suffering substantial financial penalties.

- 29 The Council understands the reasons for its poor recycling performance to date and is taking steps to address them. Dry recycling rates are generally good and compare favourably with the rest of Wales. However, low participation rates in green recycling/ composting remain a key challenge for the Council, particularly as the area is characterised by terraced housing with small gardens and steeply sloping hillsides. However, the Council has not systematically explored the impact of local geography on participation rates, verified this through empirical research, residents’ feedback or targeted benchmarking with other areas with similar characteristics. Recent door-knocking, provision of advice and follow-up work – targeted on residential areas with low participation in food recycling – have delivered promising results and the Council plans to extend this approach to green recycling in future.

- 30 The Council is taking action to help citizens recycle more. A varied and extensive range of awareness raising and education includes working with young people in schools, promotional videos, road shows, local awards and some innovative work with Cardiff City Football Academy. The Council has introduced a school uniform and sports boot recycling scheme and upgraded its former civic amenity sites to Community Recycling Centres (CRCs), with a renewed focus on recycling. Weekly kerbside collections of dry recycling and food waste are now available in all residential areas, together with fortnightly green collections. Food waste collections have also been extended to all primary and junior schools. Until recently, residual (black bag) waste was also collected weekly. The introduction of a fortnightly black bag collection, together with a disposable nappy collection service, is anticipated to have a marked impact on future recycling performance. The five existing CRCs are well located in relation to the main centres of population and a sixth CRC is opening in the Taf Valley in the near future. This means that no resident will have more than eight miles to travel to recycle goods that are not collected at the kerbside.
- 31 The Council is effectively engaged in collaborative work with Merthyr Tydfil and Newport Councils, for example jointly procuring a new food processing plant and a residual waste treatment plant that will contribute to future cost savings. The Council is adept at securing external funding, but budget pressures remain and there is scope for more systematic challenge to the costs of the service. The Council also recognises that it needs to do more to promote waste minimisation and deal with trade waste more cost effectively. A number of new initiatives are currently under consideration or in the pipeline but these are yet to be drawn together in the form of a route map to demonstrate how the Council is going to lift its performance and share its ambitions with citizens and other stakeholders.
- 32 We believe that there is scope for more effective scrutiny and challenge of the Council's waste management performance and policy development. Currently, quarterly performance reporting to scrutiny committee is on an 'exception' basis in relation to locally set targets. There is limited evidence of challenge to the continuing situation whereby the Council's recycling performance compares unfavourably with national targets and that achieved by other Welsh councils. The focus of scrutiny tends towards operational issues, to the exclusion of forward scrutiny of new initiatives, policy formulation or changes to service delivery prior to their introduction. There is also potential for more effective benchmarking and shared learning through working with councils with similar socio-geographic characteristics, both within Wales and more widely across the UK.

**The Council is working to ensure that the need for Welsh language provision is properly considered at the service planning stage**

- 33 The role of the Commissioner was created by the Welsh Language (Wales) Measure 2011. It is expected that new powers to impose standards on organisations will come into force through subordinate legislation by the end of 2014. Until that time, the Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 34 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.
- 35 For 2012-13, the Commissioner reported that: 'The Council continues to conduct annual monitoring surveys, with a high level of participation from business plan managers. This complements the work undertaken to meet with managers to ensure that the Welsh language is included at the service planning stage. The survey highlighted progress in some areas whilst improvements are needed in others. Further development was seen in terms of the Council's electronic services, and the Council's use of social networks and interactive elements of its website will continue to be addressed. Staffing matters remain a priority. The Council needs to consider the level and distribution of the workforce's Welsh language skills and language training provision, once its structure becomes stable following changes. The Council is also looking to extend Welsh medium training provision to include professional and vocational courses.'

## The Council's scrutiny and reporting of performance is improving although there is scope to better evaluate the progress it is making towards achieving its improvement priorities

### The Council's Annual Delivery Report provides a fair and balanced assessment of performance although the Council could do more to evaluate the progress it is making against its improvement priorities

- 36 The Council published an assessment of its performance during 2012-13 in its *Annual Delivery Report 2012-13* (the Report) before 31 October 2013 in line with statutory requirements. The Council has published a summary of its Report. Both the full version and a bilingual summary are available on the Council's website, and a copy of the summary has been distributed to all households in the Council's Outlook magazine.
- 37 Both the Report and summary give a fair and balanced account of performance. Areas of success and weaker performance are covered. The Report includes details of performance and comparisons as measured by national statutory performance indicators although there is scope to articulate more clearly what this information means and what the Council has done in the light of it. The Council is building a more comprehensive evidence base that includes user feedback, and the views of external regulators, as well as a growing set of tailored performance measures. In this year's Report, relevant performance measures for each improvement priority are better integrated with the narrative, giving a more immediate impression of the progress the Council is making. This year's summary presents a more comprehensive and user-friendly picture of performance than did last year's.
- 38 The Council could do more to draw out conclusions from its detailed reporting and self-critically evaluate the progress it is making against its improvement priorities. We have identified, and shared with officers, opportunities for the Council to improve its reporting of progress to strengthen its self-evaluation arrangements.
- ### The Council has embraced opportunities to further develop members' role and effectiveness in scrutinising its improvement planning and performance, although the implementation of these new arrangements is at an early stage
- 39 The Council engaged positively in the national Scrutiny Learning Exchange project and has made changes to its scrutiny arrangements as a result. It has further developed its links with Carmarthenshire County Council, sharing scrutiny practice and experience to improve the effectiveness of the scrutiny function within the Council.
- 40 We carried out work this year looking specifically at constitutional issues and member engagement. This work identified further opportunities to develop and embed scrutiny practice which the Council is taking forward. For example, in ensuring the timely scheduling of items to be reported to scrutiny and in better evaluating the effectiveness and impact of scrutiny arrangements.

- 41 Scrutiny is being put to work in new areas, for instance, in taking a role in the Council's improvement planning and reporting arrangements. For the first time, scrutiny members provided insight and challenge to the content of the Annual Delivery Report prepared by officers prior to its publication in October 2013. Further scrutiny is currently being undertaken of the draft Corporate Plan and the Council's priority action plans for 2014-15.
- 42 We will continue to work with the Council over the coming year, acting as facilitators to support self-learning and evaluation in relation to these new arrangements.

**The Council complied with its responsibilities relating to financial reporting and use of resources**

- 43 The auditor appointed by the Auditor General issued his unqualified audit opinion on the Council's accounting statements on 30 September 2013, confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. **Appendix 3** gives more detail.



## The Council's strategic financial planning arrangements remain sound but improved communication and engagement with citizens is needed around the scale of the Council's improvement ambitions and the impact of service changes in its priority areas

Whilst the Council has discharged its statutory improvement planning duties, its improvement ambitions are not articulated clearly enough, it cannot rely upon the quality and accuracy of some of its performance measures and its public plans do not facilitate effective engagement with citizens

44 In our assessment of the Council's improvement objectives (known as priorities) and its annual improvement plan (called the *Corporate Plan 2013/14 to 2015/16* (the Plan)), we concluded that the Council had discharged its improvement planning duties under the Measure but that it should act more in accordance with Welsh Government guidance.

45 The Council published its Plan in June 2013, setting out its seven priorities for improvement over the next three years. The Plan has a clear structure and uses plain language to outline the Council's improvement priorities and associated detail. The Plan explains the rationale for their selection, the outcomes the community can expect if they are achieved and the information that will be used to measure success. It also sets out what the Council plans to do to achieve the specified outcomes, including critical improvement actions, milestones and measures of performance. A brief summary of the Plan was published on the Council's website in July 2013 and publicised in the September 2013 edition of the *Outlook* newsletter that is distributed to all households.

46 The Council considers the Plan to be a technical document of limited public interest. However, the two-page summary does not contain sufficient information to provide a general readership with a fair and balanced overview of the Council's improvement priorities or how these are intended to improve outcomes for citizens. If it is to act more in accordance with Welsh Government guidance, the Council needs to publish a balanced summary which facilitates wider engagement with those it serves and encourages dialogue on its priorities and progress towards meeting them.

47 The Council also needs to more clearly articulate the scale of its improvement ambitions within the Plan. Where the Council is using performance indicators (whether statutory or local) as measures of success, baseline and targeted performance data is needed to clearly express the scale of improvement planned, and to enable performance monitoring and evaluation to be effective. In the current version of the Plan, this necessary data is missing from a significant proportion of success measures. Where targets are set, in some instances there is no associated rationale for the level of success being aimed at, making it difficult to understand the scale of the Council's improvement ambitions in the context of the challenges it faces; this is particularly important where future targets represent a maintenance or reduction in performance over time.

- 48 If performance management is to be effective in driving improvement in the Council's priority areas, it is vital that reliance can be placed upon the quality and accuracy of performance data. Our work over several years has provided assurance that appropriate reliance can be placed in relation to the national statutory indicators used by the Council. Given that the Council has also developed a range of local measures of performance, this year we undertook a data quality review of a sample of those measures within the Maintaining People's Independence priority action plan (2013-14). Our audit identified issues that limited the accuracy and quality of these local measures. In a number of cases, the measure definitions did not correlate with the data actually being collected, and/or the measures being monitored had limited relevance to the outcomes the service was aiming to achieve.
- 23 (82 per cent) were not clearly defined as to their source data and/or method of calculation;
  - eight (29 per cent) had no accurate evidence to support the reported figures; and
  - 11 (39 per cent) had no target set as to the level of performance planned to be achieved.
- 49 The corporate performance team is working with the service to address these issues and commissioned a wider internal audit review across all of its priority areas to determine whether data collection is robust. Internal Audit reported the results of its audit of a further 28 local performance indicators (used by the Council to support its *Annual Delivery Report 2012-13*) in September 2013. Its work confirmed that the issues we identified in our smaller sample existed more widely amongst the local performance measures used by the Council. Internal Audit reported that it found no systematic quality assurance processes in place and, of the 28 local performance indicators reviewed:
- 50 The Internal Audit report, which contains appropriate recommendations for action, has been discussed with officers and referred to Audit Committee. The Council is seeking to address and resolve these issues in drafting its new Corporate Plan and priority action plans for 2014-15, and has briefed scrutiny members to focus particular attention upon them.
- 51 We will review the Council's progress in improving the quality and accuracy of its local performance data, and seeking wider engagement on its improvement planning with citizens in our next cycle of improvement assessment work.

**The Council continues to make progress in addressing the areas for improvement identified in our previous assessments**

- 52 The Council has a good track record of responding positively to our proposals for improvement in previous assessments. The need to better focus improvement planning on outcomes for citizens and to develop more relevant and accurate success measures is recognised, and internal challenge arrangements, including internal audit and scrutiny are being used to improve the effectiveness of improvement planning.
- 53 The Council has responded to our suggestions to improve the quality of reporting in its Annual Delivery Report. For example by the inclusion of a broader evidence base, less fragmented reporting of performance information, and a growing focus on the difference the Council's actions are making for citizens. In addition, the Council published a more comprehensive and user-friendly summary of its *Annual Delivery Report 2012-13*.
- 54 The Council has made progress with its arrangements and performance in technology and information management, taking action to address all the proposals for improvement we issued in our recent reports.

- 55 The Council has agreed a new *Risk Management Strategy* and developed a *Risk Management Toolkit* to support its implementation. This toolkit will help managers identify and mitigate operational risks during 2014-15. Work is underway to identify and document the strategic risks associated with the Council's improvement priorities, and report publicly as to how the Council intends to mitigate them.

**The Council continues to have a robust approach to achieving efficiency and reducing its base budget but is facing an unprecedented financial challenge over the medium term**

- 56 The Council continues to focus on stability and sustainability in terms of its finances through an effective financial management framework. It has maintained robust in-year and medium-term financial management arrangements which have supported delivery of a balanced revenue budget for 2013-14 while retaining a prudent level of general reserve balances. In the context of the need for continued strong financial management, the Section 151 Officer is of the view that the Council should continue to hold a minimum of £10 million general fund balances. Given the current climate of financial austerity and constraint, this minimum level is considered essential to ensure that the Council maintains financial stability and flexibility going forward.

- 57 Following the 2014-15 local government settlement (announced on 11 December 2013), the Council identified a funding shortfall for 2014-15 of £15.2 million, a gap that will rise over four years to an estimated £64 million if the Council does not reduce its base budget.
- 58 The Council approved a balanced budget for 2014-15 on 26 February 2014. After setting a council tax increase of 4.5 per cent, it addressed the remaining funding shortfall of £14.4 million through a combination of measures including:
- a tranche of efficiency savings totalling £4 million (excluding schools, and to be achieved without cutting frontline services or introducing compulsory redundancies);
  - phased implementation of service cuts and charges which will provide budget reductions of £5.2 million for 2014-15; and
  - transitional funding of £5.2 million utilising the Council's *Medium Term Planning and Service Transformation Reserve*<sup>1</sup>.
- 59 Given the significance of the funding gap it faces, and the financial outlook into the medium term, the Council is undertaking a fundamental review of all services. This review is giving careful and thorough consideration to the introduction of cuts/ changes to services, together with increased charges for services in order for the Council to deliver a sustainable budget over the short and medium term.
- 60 At present there are two phases of budget reduction proposals which have been subject to comprehensive consultation with the public, staff and other interested stakeholders, and are at various stages of consideration. The Council has tested its proposals against the following guiding principles:
- services are as equitable as possible across Rhondda Cynon Taf;
  - proposals will result in a reasonable level of service remaining in place;
  - services will remain sustainable over the medium term (three to five years);
  - services will, as far as possible, be generally better or as good as the rest of Wales; and
  - services will continue to meet our statutory obligations.
- 61 In undertaking consultation on its budget reduction proposals, the Council has sought to ensure that everyone who is potentially affected by the service changes has been able to have their say. Due to the nature of the budget reduction proposals, directly impacting upon frontline service delivery to citizens, that feedback has been comprehensive, and has attracted considerable media interest.

<sup>1</sup> An earmarked reserve totalling £10 million as at 31 March 2014. This reserve was established by the Council to support transitional funding as part of its medium-term service planning arrangements, that is, to help smooth the delivery of budget savings over a number of years, whilst still allowing a balanced budget to be delivered. Such transitional funding can be considered only as a short-term solution pending permanent cuts/changes to and/ or charges for services introduced to deliver base budget reductions.

- 62 Overall, respondents recognised that there was a need for service change and a review of all existing services, when seen in the context of the budget savings that need to be made by the Council. Eighty-five per cent of respondents stated that they understand why the Council needs to reduce services. Seventy-nine per cent of respondents agreed that the Council should be reviewing all services and the way in which they are provided and that it was a reasonable approach to take. However, quite naturally, a number of individual respondents and interested parties expressed concerns and were unable to agree with certain of the specific proposals.
- 63 The consultation feedback was put together comprehensively and impartially and presented to Cabinet to aid decision making. Phase 1 proposals have subsequently been approved by Cabinet for implementation and will provide a full-year saving of £7.6 million (part-year saving for 2014-15 being £5.2 million). Phase 2 proposals were determined by Cabinet on 14 May 2014 and, subject to deferring the proposal relating to leisure services for a further in-depth review, were approved for implementation. These approved Phase 2 proposals will deliver a further £2.8 million of full-year savings for the Council.
- 64 Given the magnitude of the budget gap which the Council estimates that it faces over the medium term, further phases of proposals will need to be developed and brought forward for consultation prior to decision. Going forward, the Council will need to demonstrate that it has evaluated the impact of its service changes upon its improvement priority areas, and reflected this appropriately in its improvement planning and reporting to citizens.
- 65 The Wales Audit Office is currently examining authorities' financial health, their approach to budgeting and delivering on required savings, to provide assurance that authorities are financially resilient. This work will consider whether authorities have robust approaches in place to manage the budget reductions that they are facing to secure a stable financial position that enable them to continue to operate for the foreseeable future. The focus of the work is on the 2014-15 financial planning period and the delivery of 2013-14 budgets. This review will be completed early in 2014-15 and we will publish the findings in our next cycle of improvement assessment work.

## The Council is likely to make arrangements to secure continuous improvement for 2014-15

- 66 Based on the conclusions outlined in the previous sections of this report, the Auditor General believes that the Council is likely to meet the requirements of the Measure in making arrangements to secure continuous improvement.

# 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 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

### Useful information about Rhondda Cynon Taf and Rhondda Cynon Taf County Borough Council

#### The Council

The Council spends approximately £581 million per year (2012-13). This equates to about £2,480 per resident. In the same year, the Council also spent £81.4 million on capital items.

The average band D council tax in 2012-13 for Rhondda Cynon Taf was £1,340.07 per year. This is an increase of 2.83 per cent over the previous year. Ninety per cent of Rhondda Cynon Taf's housing is in council tax bands A to D.

The Council is made up of 75 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:

- 1 Welsh Conservative
- 1 Welsh Liberal Democrat
- 4 Independent
- 9 Plaid Cymru
- 60 Welsh Labour

In 2012-13, the Council's Chief Executive was Keith Griffiths. The corporate directors were:

- Group Director of Community and Children's Services, Mr Ellis Williams
- Group Director of Corporate Services, Mr Steve Merritt
- Director of Education and Lifelong Learning, Mr Christopher Bradshaw
- Group Director of Environmental Services, Mr George Jones
- Director of Legal and Democratic Services and also the Council's Monitoring Officer, Mr Paul Lucas
- Director of Human Resources, Mr Anthony Wilkins



## Other information

The Assembly Members for Rhondda Cynon Taff are:

- Christine Chapman, Cynon Valley, Labour
- Leighton Andrews, Rhondda, Labour
- Mick Antoniw, Pontypridd, Labour
- Eluned Parrott, Leanne Wood, David Melding, Andrew R T Davies, Regional Members

The Members of Parliament for Rhondda Cynon Taff are:

- Ann Clwyd, Labour
- Chris Bryant, Labour
- Owen Smith, Labour

For more information see the Council's website at [www.rctcbc.gov.uk](http://www.rctcbc.gov.uk) or contact the Council at Headquarters, The Pavilions, Cambrian Park, Clydach Vale, Tonypany, CF40 2XX. Tel: 01443 425005.

## Appendix 3

### Annual Audit Letter

Keith Griffiths, Chief Executive  
Councillor Anthony Christopher, Leader  
Rhondda Cynon Taf County Borough Council  
Council Offices  
The Pavilions  
Clydach Vale  
Tonypandy  
CF40 2XX

Dear Keith and Anthony

#### Annual Audit Letter 2012-13

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

#### The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

On 30 September 2013 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Council in my Audit of Financial Statements reports on 25 September 2013.

We reported that a small number of amendments were made to the draft Statement of Accounts and that none of these were material. We also reported that the draft accounts were of a good quality.

We have also arranged a post project learning session with finance staff to maximise the opportunities for improvement in the final accounts production and audit process next year.

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

Going forward the recent provisional budget settlement from Welsh Government will mean that all local government bodies in Wales will face extremely challenging financial positions. The Council has identified a funding gap of at least £56 million over the next four years and it is in the process of updating its Medium Term Service Plan and identifying the potential efficiencies and cuts required to bridge this gap. This represents a significant challenge to the Council and we will keep progress under review.

I have not yet issued a certificate confirming that the audit of the accounts has been completed as there is still an outstanding issue from an elector, but expect to be able to do so before the end of the year.

The financial audit fee for 2012-13 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 Appointed Auditor  
29 November 2013

cc Steve Merritt, Corporate Services Group Director

## Appendix 4

### Rhondda Cynon Taf County Borough Council's improvement objectives and self-assessment

#### The Council's improvement objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific 'improvement objectives' that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

The Council published its improvement objectives for 2013-14 in its *Corporate Plan 2013/14 – 2015/16* which can be found on the Council's website at [www.rhondda-cynon-taf.gov.uk](http://www.rhondda-cynon-taf.gov.uk). They are:

Improvement priorities for 2012-13	Improvement priorities for 2013-14
<b>Education</b> A top quality education for all	<b>Education</b> A top quality education for all
<b>Street Care Services and the Natural Environment</b> A cleaner, greener county borough	<b>Street Care Services and the Natural Environment</b> A cleaner, greener county borough
<b>Children and Family Centred Services</b> Keeping all children and young people safe and improving the life chances of vulnerable children	<b>Children and Family Centred Services</b> Keeping all children and young people safe and improving the life chances of vulnerable children
<b>Maintaining People's Independence</b> Supporting adults and older people to live independently	<b>Maintaining People's Independence</b> Supporting adults and older people to live independently
<b>Enforcement and Regulation</b> Protecting people from harm and tackling antisocial behaviour	<b>Public health and protection</b> Protecting people from harm and tackling antisocial behaviour
<b>Regeneration of our Communities</b> Physical and social regeneration	<b>Regeneration of our Communities</b> Physical and social regeneration
<b>Medium Term Service Planning</b> Delivering within our means	<b>Medium Term Service Planning</b> Delivering within our means
<b>Better Customer Contact</b> Putting customers first	

## The Council's self-assessment of performance

The Council's self-assessment of its performance during 2012-13 can be found in its *Annual Delivery Report 2012-13* which can be found on the Council's website: [www.rhondda-cynon-taf.gov.uk](http://www.rhondda-cynon-taf.gov.uk).

Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@wao.gov.uk](mailto:info@wao.gov.uk)

Website: [www.wao.gov.uk](http://www.wao.gov.uk)

Swyddfa Archwilio Cymru  
24 Heol y Gadeirlan  
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: [info@wao.gov.uk](mailto:info@wao.gov.uk)

Gwefan: [www.wao.gov.uk](http://www.wao.gov.uk)