



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report

## Blaenau Gwent County Borough Council

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# About the Auditor General for Wales

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. 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 Non Jenkins and Jackie Joyce under the direction of Alan Morris.

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# Summary report and recommendations

## Summary

1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national park authorities 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 the staff of the Wales Audit Office; and draws on the work of the relevant Welsh inspectorates. The report covers the delivery and evaluation of services at Blaenau Gwent County Borough Council (the Council) in relation to 2012-13, and its planning of improvement for 2013-14. Taking these into account, the report records the Auditor General's conclusion on whether he believes that the Council will make arrangements to secure continuous improvement for 2014-15.

2 The audit team found that, in 2012-13, the Council made mixed progress in delivering improvements in most of its priority areas but key challenges remain. We came to this conclusion because:

- The Council made some progress in delivering its 2012-13 improvement objectives but the Council's performance compared with the rest of Wales is mixed.

- Social Services continued to perform well during 2012-13 and some lessons had been learnt from considering integration with Caerphilly County Borough Council.
- Education Services remain unsatisfactory.
- Analysis of other performance information reveals a mixed picture of improvement.

3 We also found that the Council discharged its improvement reporting duties under the Measure during 2012-13, however, it is too early to determine if its new arrangements will improve its ability to improve services and evaluate their performance. We came to this conclusion because:

- Although the Council discharged its improvement reporting duties under the Measure for 2012-13 there is potential to strengthen its arrangements further.
- With the help of Welsh Government Advisors the Council is further developing a number of corporate arrangements but it is too early to determine if they will improve the Council's ability to evaluate and improve services.
- There are some weaknesses in the accuracy of reported data.
- The Council complied with its responsibilities relating to financial reporting and use of resources but it must act immediately to deliver a legal and balanced budget for 2014-15.

- 4 Finally, we found that, during 2013-14, the Council discharged its improvement planning duties under the Measure, and is involved in a large number of collaborations but made limited progress in improving its information management. We came to this conclusion because:
- In 2013-14 the Council discharged its improvement planning duties under the Measure but should ensure that it acts more in accordance with Welsh Government guidance.
  - Whilst the Council had made some progress it had not been quick or robust enough and was unlikely to comply with the requirement to make arrangements to secure continuous improvement in 2013-14.
  - Members are demonstrating an appetite for effective scrutiny and decision making.
  - The Council's arrangements for the preparation of its Annual Governance Statement are reasonably robust but there are some areas where these arrangements could be enhanced.
- The Council made very limited progress in acting on our proposals for improving its information management and did not take full advantage of the collaboration with Merthyr Council, which was hampered by weak governance.
  - The Council was involved in a large number of collaborations and, in general, we found scope to improve the planning and management of collaborations, and that the lack of information on costs and benefits made it difficult to assess value for money.
  - The Council has made significant progress in addressing its anticipated budget shortfalls in 2013-14 and 2014-15, however it is crucial that the Council now delivers these savings and continues to develop its savings plans for 2015-16 and beyond if it is to remain financially sustainable.
- 5 Taking the above into account, it is uncertain whether the Council is likely to make arrangements to secure continuous improvement for 2014-15.

## Recommendations

- 6 Over the course of our work in 2013-14 we made a number of statutory recommendations. These have previously been reported to the Council in the Improvement Assessment Letter dated October 2013 and are set out below for information. We will continue to monitor the progress made by the Council in implementing the recommendations as part of the future work programme.
- 7 In addition, the Auditor General for Wales recommended that the Minister for Local Government and Government Business use her powers under Section 28 of the

Local Government (Wales) Measure 2009 to provide support to the Council. He did not believe that the Council had the capacity to identify and implement the action necessary to address its serious financial difficulties. The provision of suitably skilled and experienced external support was necessary to enable the Council to take the prompt and significant action required.

- 8 The Appointed Auditor, using the powers available to him, decided to make a Statutory Recommendation to the Council under section 25(2) of the Public Audit (Wales) Act 2004 in the Annual Audit Letter 2013 dated October 2013.

- R1 Address weaknesses in financial planning by improving the quality of reports to members on budget savings proposals by clearly setting out:
- the anticipated impact of decisions;
  - the timescale for delivery;
  - the amount of savings that will be achieved and by when;
  - who is accountable for delivering savings; and
  - how the delivery of savings will be monitored.

- R2 Strengthen scrutiny of decision making by:
- addressing deficiencies in the quality of reports to scrutiny committees;
  - ensuring officers are provided with appropriate training on the role of scrutiny and presenting information to members; and
  - ensuring the right officers attend scrutiny committees to present reports and deal with members' questions.

### Appointed Auditor Recommendation

- R1 The Council must act immediately to identify and approve the actions required to deliver a legal and balanced budget for 2014-15, and to agree a sustainable Medium Term Financial Strategy that will enable the Council to live within its means. In drawing up robust plans for service transformation and change, and in taking properly informed judgements on the future design and delivery of its services, the Council must assess the impact that its decisions will have on the citizens of Blaenau Gwent.

# Detailed report

## Introduction

- 9 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 park authorities 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, on behalf of the Auditor General. With help from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (CSSIW), and the Welsh Language 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 records the Auditor General's conclusion on whether the Council is likely to make arrangements to secure continuous improvement for 2014-15.
- 10 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.
- 11 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 them 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.
- 12 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@wao.gov.uk](mailto:info@wao.gov.uk) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

## In 2012-13 the Council made mixed progress in delivering improvements in most of its priority areas but key challenges remain

13 Analysis of the 44 national strategic indicators and public accountability measures for 2012-13<sup>1</sup> reveals that:

- of the 36 measures that can be compared with the previous year 23 (64 per cent) improved; and
- of the 44 measures, 24 (55 per cent) performed better than the Welsh average.

- children that need to be looked after are cared for by local foster carers who are able to provide stable placements;
- deliver interventions at year 11 that contribute to the reduction of reported levels of NEETs (people Not in Employment, Education or Training); and
- increase pupil attendance rates in all schools in Blaenau Gwent.

### The Council made some progress in delivering its 2012-13 improvement objectives but the Council's performance compared with the rest of Wales is mixed

14 In October 2012, the Council published its Improvement Plan<sup>2</sup>, which set out its three high level outcomes for the five-year period and also identified 10 specific improvement objectives (see [Appendix 4](#)).

15 Below we provide a brief overview of how well the Council is performing in delivering improvement against these priorities. More detailed information about progress and achievements is provided in the Council's *Corporate Improvement Plan 2013/14* which is available on its website<sup>3</sup>.

16 The Council identified three specific improvement objectives in relation to its high level outcome *Children and young people's learning and achievement levels are maximised*:

17 The Council recognised that the improvement objectives 'in relation to education are not yet fully achieved as these are large areas for improvement that need to be worked on and will take time to embed'.

18 The Council identified a number of actions that would contribute to the delivery of these priorities and also used performance measures including the National Strategic Indicators to assess performance. Actions included: developing a consistent approach to tackling poor attendance using the Wales Guidance on Attendance along with the implementation of the Authority's Five Step Approach to attendance; the continued implementation of its Prevent 14-19 Project; and the development of an Early Identification Tool.

19 The Council states that all actions in relation to increasing pupil attendance have been completed and that NEETs is progressing well. Whilst progress has been achieved regarding stable placements, improving stability and increasing the number of foster carers remains a key priority.

1 StatsWales and Local Government Data Unit, Benchmarking Hub

2 *Corporate Improvement Plan 2012-17*

3 <http://www.blaenau-gwent.gov.uk/council/166.asp>



- 20 Analysis of key performance measures reveals that performance compared with the previous year improved but there was a more mixed picture when compared with other Welsh councils:
- The percentage of looked after children who have experienced one or more changes of school, during a period or periods of being looked after improved from 14.1 per cent in 2011-12 to 12.3 per cent in 2012-13, which is better than the Wales average of 13.7 per cent. Performance in 2011-12 placed the Council 16th out of 22 councils in Wales and in 2012-13 it was placed ninth.
  - The percentage of looked after children who have had three or more placements during the year improved from 14.6 per cent in 2011-12 to 12.5 per cent in 2012-13, which is worse than the Wales average of 9.4 per cent. In both 2011-12 and 2012-13 the Council's performance placed it 18th.
  - The percentage of first placements of looked after children during the year that began with a care plan in place was 100 per cent in both 2011-12 and 2012-13, which is better than the Wales average of 89.1 per cent in 2012-13. The Council was placed first out of 22 councils in Wales in both 2011-12 and 2012-13.
  - The percentage of all pupils (including those in local authority care) in any local authority maintained school, aged 15 as at the preceding 31 August who leave education, training or work-based learning without an approved external qualification was 0.6 per cent in both 2011-12 and 2012-13, which is worse than the Wales average of 0.4 per cent in 2012-13. The Council exceeded its own target of 1.25 per cent in 2012-13. Performance in 2011-12 placed the Council 17th out of 22 councils in Wales and in 2012-13 it was placed 18th.
  - The percentage of all pupils in local authority care in any local authority maintained school, aged 15 as at the preceding 31 August who leave education, training or work-based learning without an approved external qualification. In both 2011-12 and 2012-13 no pupils left without an appropriate qualification, and this is better than the Wales average of 5.7. The Council was placed first out of 22 councils in Wales in both 2011-12 and 2012-13.
  - The percentage of pupil attendance in primary schools remained relatively stable between 2011-12, when it was 93 per cent, and 93.4 per cent in 2012-13. The Council exceeded its own target of 92.5 per cent in 2012-13. The Wales average in 2012-13 was 93.9 per cent. Performance in 2011-12 placed the Council 15th out of 22 councils in Wales and in 2012-13 it was placed 16th.

- The percentage of pupil attendance in secondary schools improved from 89.5 in 2011-12 to 90.5 per cent in 2012-13. The Council did not achieve its own target of 90.7 per cent in 2012-13. The Wales average in 2012-13 was 92.1 per cent. The Council had the worst performance in Wales in both 2011-12 in 2012-13.
- 21 The Council identified three specific improvement objectives in relation to its high level outcome *People and communities are enabled to help themselves*:
- those vulnerable people who need support from Social Services are enabled to lead independent and fulfilled lives, to remain in their own homes for as long as possible;
  - to increase and sustain employment opportunities for the citizens of Blaenau Gwent through direct support to new and existing businesses; and
  - improve working together with customers and services to develop access channels (to Council services).
- 22 The Council recognised that ‘although there has been significant progress against this Improvement Objective, it is recognised that there is still a lot of work to do, particularly in relation to employment and welfare reform. The Improvement Objectives are not yet fully achieved as these are large areas for improvement that need to be worked on and will take time to embed’.
- 23 The Council identified a number of actions that would contribute to the delivery of these priorities and also used performance measures including the National Strategic Indicators to assess performance. Actions included: providing support to 15 new business start-ups through the Kick Start Grant, Local Investment Fund and the Community Enterprise Development Grant; delivering affordable housing units; increasing the number of properties in the Social Lettings Scheme; and reviewed the Living Independently Strategy.
- 24 Analysis of key performance measures reveals a mixed picture of performance:
- The rate of delayed transfers of care (DTC) for social care reasons (per 1,000 population aged 75 or over) deteriorated from 1.2 in 2011-12 to 4.7 in 2012-13, which was worse than the Wales average of 4.57. Performance in 2011-12 placed the Council fourth out of 22 councils in Wales and in 2012-13 it was placed 14th. We had reservations about the robustness of data sourced nationally by the Welsh Government for this NSI and decided to universally qualify this indicator for 2012-13.
  - The rate of older people (aged 65 or over) supported in the community per 1,000 population deteriorated from 140.7 in 2011-12 to 133.34 in 2012-13, which was better than the Wales average of 77.53. Performance in both 2011-12 and 2012-13 placed the Council second out of 22 councils in Wales.

- The rate of older people (aged 65 or over) whom the authority supports in care homes per 1,000 population improved from 24.3 in 2011-12 to 23.33 in 2012-13, which was better than the Wales average of 20.63. Performance in 2011-12 placed it 19th out of 22 councils in Wales and in 2012-13 it was placed 18th.
  - The percentage of care plan reviews completed in time improved from 73.6 per cent in 2011-12 to 77.5 per cent in 2012-13, which is worse than the Wales average of 80.9 per cent. Performance in 2011-12 placed the Council 17th out of 22 councils in Wales and in 2012-13 it was placed 16th.
  - The percentage of adult clients supported in the community was 87.5 per cent in 2011-12 and 87.8 per cent in 2012-13, the Council exceeded its own target of 87 per cent. Performance was better than the Wales average of 86.16 per cent. In both 2011-12 and 2012-13 the Council's performance placed it eighth out of 22 councils in Wales.
  - The percentage of all potentially homeless households for whom homelessness was prevented for at least six months improved from zero in 2011-12 to 1.2 per cent in 2012-13, which is worse than the Wales average of 62.6 per cent, and the Council did not meet its own target of 25 per cent. The Council was the worst performer in Wales in both 2011-12 and also 2012-13.
  - The number of additional affordable housing units provided during the year as a percentage of all additional housing units provided during the year was 77 in 2012-13, which exceeded the Council's own target of 30 and was better than the Welsh average of 45. Performance in 2012-13 placed the Council third out of 22 councils in Wales.
  - The Council received 80 individual survey submissions and some 70.73 per cent of responses deemed overall level of service to be good or very good. The Council did not meet its own target of 80 per cent in 2012-13.
- 25 Whilst performance should be seen in the context of the current economic climate, performance against other national comparative data shows a mixed picture of performance. For example:
- The percentage of people claiming Job Seekers Allowance in the area rose from 7.7 per cent in April 2012 to 7.8 per cent in April 2013. The Welsh average decreased slightly from 4.2 per cent to 4.1 per cent, whilst the UK average decreased from 3.9 per cent to 3.7 per cent over the same period. The figure for February 2014 shows that the number of claimants improved to six per cent, which continues to be above the Welsh average of 3.5 per cent and UK average of three per cent.

- There was a small increase in the number of people in employment from 30,400 in 2011-12 to 30,500 in 2012-13. The employment rate in 2012-13 was 70.2 per cent, which is lower the Welsh average of 73.8 per cent and is also lower than the Great Britain average of 77.1 per cent.

- *The UK Competitiveness Index<sup>4</sup>* is a good barometer to judge how well councils, regions and countries in the UK are performing in attracting new private sector investment as well as supporting existing businesses to flourish. The latest published UK Competitiveness Index 2013 states that ‘the least competitive locality in Britain is Blaenau Gwent in the South Wales valleys, which has continued to see an erosion of its competitiveness, and is one of four Welsh localities ranked in the bottom ten places’. In 2010 Blaenau Gwent was ranked 379 and in 2013 the Council was also ranked 379.

26 The Council identified four specific improvement objectives in relation to its high level outcome *The living environment is vibrant and attractive*:

- maintain and improve the highways network to contribute to a safe and effective transport infrastructure;
- to provide a clean and pleasant environment to enjoy and be proud of, by listening to our citizens and visitors and promoting what we do;

- Town Centres are more vibrant, attractive and viable as a result of physical regeneration and town centre management for the benefit of shoppers and businesses; and
- working together we will become a high recycling, low waste society.

27 The Council states that ‘overall, this outcome is showing signs of progress with our waste being reused, recycled and composted showing the biggest increase in Wales, highway cleanliness is in the upper quartile of performance and A, B and C roads in overall poor condition have all shown an improvement’. The Council acknowledges that town centres have seen an increase in the number of vacant properties and external funding has been sought to improve the town centres of Abertillery, Ebbw Vale and Tredegar. The Council recognises that ‘to date, many of them [improvement objectives] are not yet fully embedded or achieved as these are large areas for improvement that need to be worked on and will take time to embed’.

28 The Council identified a number of actions that would contribute to the delivery of these priorities and also used performance measures including the National Strategic Indicators to assess performance. Actions included: delivering environmental improvements in Ebbw Fawr; increasing the number of residents participating in the Food Waste service; creation of a Street Scene website to collect views of residents; installing dog bins and litter bins in response to public requests; implementing the

<sup>4</sup> The UK Competitiveness Index (UKCI) was first introduced and published in 2000 by the University of Wales Institute, Cardiff. It represents a benchmarking of the competitiveness of the UK’s regions and localities. The UK Competitiveness Index has been designed as an integrated measure of competitiveness focusing on the development and sustainability of businesses and the economic welfare of individuals.

second year of the highway improvement programme; and commencing town centre regeneration schemes.

29 Analysis of key performance measures reveals a mixed picture of performance:

- The percentage of principal (A) roads, non-principal (B) roads and non-principal (C) roads that are in overall poor condition was 11.6 per cent in both 2011-12 and 2012-13. Performance was better than the Wales average of 13.4 per cent in 2012-13 and the Council exceeded its own target of 12 per cent. Performance in 2011-12 placed the Council 16th out of 22 councils in Wales and in 2012-13 it was placed 17th.
- The number of road traffic accidents increased from 84 in 2011 to 100 in 2012 and there was an increase in the number of casualties from 120 in 2011 to 146 in 2012. There was a decrease in the number of people killed or seriously injured from 17 in 2011 to 12 in 2012.
- The percentage of highways and relevant land inspected of a high or acceptable standard of cleanliness improved from 83.3 per cent in 2011-12 to 91.7 per cent in 2012-13, which is worse than the Wales average of 95.8 per cent, and the Council did not meet its own target of 95 per cent. The Council was the worst performer in Wales in 2011-12 and was placed 20th in 2012-13.
- The Welsh Government has targets for local authorities to achieve a recycling target of 70 per cent by 2024-25 that combines preparing waste for recycling, re-use and composting. There are also intermediate targets for preparing for recycling, re-use and composting of 52 per cent in 2012-13, 58 per cent in 2015-16 and 64 per cent in 2019-20. The Council did not achieve the intermediate target of 52 per cent in 2012-13 and it used 82 per cent<sup>5</sup> of its Landfill Allowance Scheme allowance<sup>6</sup>.
- The percentage of municipal wastes sent to landfill was 40.98 in 2012-13, which was better than the Welsh average of 41.03 per cent.
- The percentage of reported fly tipping incidents cleared within five working days was 100 per cent in both 2011-12 and 2012-13, which placed the Council first when compared with the other 22 Welsh councils.

4 Natural Resources Wales Report on the Landfill Allowances Scheme (LAS) Wales 2012/13, August 2013.

5 Landfill Allowances Scheme (LAS) in Wales. The purpose of the scheme is to ensure diversion of biodegradable municipal waste (BMW) from landfill. This is done by setting limits on the amount of BMW waste that local authorities in Wales can landfill.

### Social Services continued to perform well during 2012-13 and some lessons had been learnt from considering integration with Caerphilly County Borough Council

- 30 Our analysis of the four National Strategic Indicators and the three Public Accountability Measures related to Adult Services for 2012-13 revealed:
- three of the seven (43 per cent) performance indicators improved compared with the previous year's performance;
  - four (57 per cent) performed better than the Wales average; and
  - three (43 per cent) improved their relative performance when compared with the other 22 councils in Wales.
- 31 Our analysis of the eight National Strategic Indicators and the five Public Accountability Measures related to Children's' Services for 2012-13 revealed:
- six of the 10 (60 per cent) performance indicators capable of comparison with the previous year improved;
  - 10 of the 13 (77 per cent) performed better than the Wales average; and
  - four out of 10 (40 per cent) improved their relative performance when compared with the other 22 councils in Wales.
- 32 It should also be noted that of the 20 National Strategic Indicators and the Public Accountability Measures the Council was placed first in Wales in six of those indicators when compared with the other 22 councils.
- 33 CSSIW published its Annual Review and Evaluation of Performance for 2012-13 for social services in Blaenau Gwent in October 2013. The evaluation report sets out the key areas of progress as well as areas for further improvement. The report can be found on the CSSIW website: [www.cssiw.org.uk](http://www.cssiw.org.uk)
- 34 The following paragraphs are taken from the report:
- Blaenau Gwent Social Services has continued to perform well throughout 2012-13. Considerable work was undertaken to pursue integration with Caerphilly County Borough Council's social services department and, although this did not come to fruition, both parties have maintained commitment to working in partnership in specific service areas. While integration failed to progress, the directors of both social service departments provided input into a review of collaborative working which resulted in the publication of key lessons learned and positive suggestions and advice for agencies working in partnership.
  - The council has continued to maintain and pursue new avenues of partnership working with other local authorities, the health service and third sector.

- Adult Services - The council has reviewed and built on previous achievements and work has been undertaken to modernise services. This has included continued review of in-house provision, commissioning arrangements and collaboration with other local authorities in the South East region to explore and develop streamlined processes for commissioning services. Collaboration has been pursued across the regional authorities, with the health board and third sector in a number of areas including the development of the frailty model for older people, mental health and learning disability services and safeguarding.
  - Children's Services - Restructuring of children's services has been reviewed and the service has continued to perform well. Additional changes have been undertaken in response to government policy and the commitment to a collaborative approach to services across the region. Monitoring of the impact of this will be key to ensuring the ongoing high standard of performance in children's services.
- 35 CSSIW identified two areas of good practice:
- Continued commitment to exploring areas for working collaboratively with a broad range of partners, for example community resource team within the broader Gwent Frailty model.
  - Sharing the learning from the collaboration project with Caerphilly County Borough Council.
- 36 CSSIW identified the following potential risks:
- Significant budgetary pressures and shortfalls. Sustaining, maintaining and developing services in what is a challenging financial environment for the council, particularly in relation to adult social care.
  - Impact of implementing new regional collaboration arrangements at a local level, ensuring effective governance and control.
  - Potential opportunities and risks resulting from the impact of senior management team changes.
- 37 CSSIW also states that the 'Council made positive progress against the areas for development identified last year'. For example, progress with collaboration with health and other local authorities within the region, improved performance in care management teams and monitoring caseloads in adult services, monitoring quality in commissioned services and improved uptake of direct payments. The lack of uptake of carers assessments has been explored by the council and requires further consideration to improve carer engagement.
- 38 As part of our 2013-14 regulatory programme, we will be undertaking a review to assess the sustainability of social services across Gwent. This review will be carried out in conjunction with CSSIW.

## Education services remain unsatisfactory

- 39 Estyn inspected the Council's education services in May 2011. Inspectors provided an overall judgement on performance and capacity to improve. Services are evaluated on a four-point scale: excellent, good, adequate and unsatisfactory. Estyn judged the Council's education services unsatisfactory and the Council had unsatisfactory prospects for improvement. As a result the Minister for Education and Skills determined that the Council's education functions would be exercised by two education commissioners the subsequently decided that they would be exercised by just one full-time commissioner.
- 40 Estyn carried out a further inspection in January 2013 and judged that education services for children and young people continued to be unsatisfactory and that its capacity to improve also remained unsatisfactory. Estyn concluded that the Council required special measures. The detailed findings are set out in the report which can be located on Estyn's website [www.estyn.gov.uk](http://www.estyn.gov.uk).
- 41 As a result the Minister for Education and Skills determined that the Council's education functions would be exercised by the Blaenau Gwent Recovery Board (the Board). The Board was set up in January 2014 and its primary function is to ensure that the Council's education functions are performed to at least an adequate standard.

- 42 The Council has developed a post-inspection action plan and monitoring board to address Estyn's recommendations. The Council's post-inspection action plan was reported to the Education and Skills Scrutiny Committee in March 2014. The Council have told us that it will also be reported to the Executive in due course. Estyn will undertake three monitoring visits in Summer and Autumn 2014 and Spring 2015 to assess the Council's progress with implementing the recommendations.

## Analysis of other performance information reveals a mixed picture of improvement

### **The Blaenau Gwent and Caerphilly Youth Offending Service was performing well**

- 43 In June 2013, the HM Inspectorate of Probation (HMI Probation) carried out a short quality screening inspection of the joint Blaenau Gwent and Caerphilly Youth Offending Service (YOS). HMI Probation concluded that: 'Overall, we found that Blaenau Gwent and Caerphilly Youth Offending Service (YOS) was performing well. YOS staff were highly motivated and spoke positively about the organisation and their contribution to the work. Considerable improvements had been made since our last inspection in 2010, in particular to the work to safeguard children and protect the public. Efforts should now be focused on ensuring that all assessments and plans are of good quality. Given the commitment of staff and managers we anticipate that the standards observed in the majority of cases can be replicated across all the work.'



44 HMI Probation identified that the best aspects of work it found in Blaenau Gwent and Caerphilly included:

- The substantial improvement in practice since the previous inspection. Although driven by the management team, this had been embraced by a staff group committed to their work and the community they serve.
- Engagement of children and young people and their parents/carers which then provided a firm foundation from which to work to reduce the likelihood of reoffending.

45 HMI Probation found that the most significant area for improvement was the need for consistent management oversight to ensure the quality of assessments of risk of harm to others and the quality of plans to address vulnerability.

46 The full inspection report can be found on the HMI Probation website:  
[www.justice.gov.uk](http://www.justice.gov.uk)

### **The Council's performance in administering Housing Benefit was mixed**

47 In April 2011, the UK Government embarked on a programme of reform, which will culminate with the phased introduction of Universal Credit between October 2013 and 2017. The Welfare Reform Act 2012 heralds the most significant change to the administration and distribution of benefits since the Welfare State was established in post-War Britain and will have a major impact on many citizens. Preparing to deal with the impact of the Welfare Reform Act 2012 is essential for councils and it is important that current services are effectively managed and performance maintained.

48 The latest caseload figures provided by the Department of Work and Pensions up to February 2013 show that, in Wales, the number of claimants for Housing and Council Tax Benefit during 2012-13 is less, with an average decrease across Wales of three per cent. However, the caseload in Blaenau Gwent increased by one per cent from 11,020 claimants in May 2012 to 11,100 claimants in February 2013, which was consistent with 2011-12 when there was also a one per cent increase.

49 The average time taken to process new claims in Blaenau Gwent during 2012-13 was 22 days and had not changed since 2010-11. Performance was marginally below the Welsh average of 20 days in 2012-13. The average time taken to process changes of circumstances in Blaenau Gwent declined from seven days in 2011-12 to eight days in 2012-13. Performance was worse than the Welsh average of six days.

50 Whilst the speed of processing is important there are a number of other measures which help to give a full picture of how well the Council processes housing benefit applications.

51 Performance as measured by the following indicators largely improved:

- The percentage of new claims outstanding over 50 days improved from 19 per cent in 2011-12 to 14 per cent in 2012-13. Performance was worse than the Wales average of four per cent in 2012-13.
- The Council improved the level of 'in-year' overpayments recovered from claimants. The percentage of 'in-year' overpayments recovered increased from 80 per cent in 2011-12 to 88 per cent in 2012-13. This performance was better than the Welsh average of 73 per cent in 2012-13.
- The total number of Housing Benefit applications subject to review has fallen from 63 in 2011-12 to 59 in 2012-13. The Council's performance improved from 44 days in 2011-12 to 32 days in 2012-13. The percentage of reconsiderations responded to within four weeks improved from 52 per cent in 2011-12 to 88 per cent in 2012-13. Performance was better than the Welsh average of 11 per cent in 2012-13.

52 Performance as measured by the following indicators largely declined:

- The percentage of new claims decided within 14 days marginally declined from 96 per cent in 2011-12 to 95 per cent in 2012-13. This was better than the Welsh average of 88 per cent in 2012-13.
- Accuracy in processing claims declined from 91 per cent in 2011-12 to 82 per cent in 2012-13. Performance was worse than the Wales average of 94 per cent for 2012-13.
- The recovery of 'previous years' overpayments declined from 41 per cent in 2011-12 to 39 per cent in 2012-13. Performance was better than the Wales average of 32 per cent in 2012-13.
- The Council undertook more fraud investigations during 2012-13, increasing from 61 per 1,000 caseload in 2011-12 to 63 per 1,000 caseload in 2012-13. However, the number of successful sanctions applied declined from 8 per 1,000 caseload in 2011-12 to 3 per 1,000 caseload in 2012-13. This performance was worse than the Welsh average of 8 per 1,000 caseload in 2012-13.

- Whilst the number of appeals reduced from 50 in 2011-12 to 28 in 2012-13, the average time taken to process appeals also declined with the Council taking on average 40 days in 2012-13 compared to 24 days in 2011-12. Performance was worse than the Welsh average of 38 days in 2012-13. The percentage of appeals submitted to the Appeals Service within four weeks declined from 73 per cent in 2011-12 to 54 per cent in 2012-13. Performance was better than the Welsh average of 51 per cent in 2012-13.

**In the services we reviewed, the Council was delivering essential services with less money but savings were not always realised and savings targets were not effectively scrutinised which resulted in some services becoming increasingly unsustainable**

53 During 2012-13, we undertook a review across Gwent councils to determine how well they were managing with less resource. Our review focussed on three service areas – Environmental Health, Housing and Waste Management – to understand how well these individual services were planning and delivering savings. Overall, we found that councils in Gwent face significant challenges to continue to deliver and improve essential services in a changing environment with less money and fewer staff.

54 In relation to Blaenau Gwent, the review concluded that the Council was delivering essential services with less money but savings were not always realised and savings targets were not effectively scrutinised, which resulted in some services becoming increasingly unsustainable. We came to this conclusion because we found that:

- The Council was focussed on reducing expenditure but delivery of approved savings targets had been mixed and the achievement and impact of savings were not subject to effective scrutiny and challenge or clearly understood.
- Expenditure on environmental health, housing and waste management had increased and whilst performance was mostly being maintained, the long-term sustainability of current methods of service delivery was unclear and some services were managing significant risks.
- Satisfaction with Council services was mostly high with the exception of the condition of roads but most residents we spoke to were unaware of the Council's plans for the future.

**Improvements have been made to the Council's bilingual website and work is progressing on a new HR system**

- 55 The role of the Welsh Language 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.
- 56 The Commissioner works with all local authorities in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of local authorities to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every local authority 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.
- 57 An internal working group that was established to redevelop the website, has ensured that 90 per cent of the Council's web pages are now bilingual. The Council will be introducing a new content management system shortly which will mean that it will not be possible to publish an English page until the corresponding Welsh page is ready to be published. A new HR system has been developed and the Council is in the process of creating a record of all employees with Welsh language skills. This means that the Council will be able to provide the public with services in their chosen language. One of the Council's main priorities is developing the HR system further so that it can offer a bilingual recruitment section on its website for every post.

## The Council discharged its improvement reporting duties under the Measure during 2012-13, however, it is too early to determine if its new arrangements will improve its ability to improve services and evaluate their performance

### Although the Council discharged its improvement reporting duties under the Measure for 2012-13 there is potential to strengthen its arrangements further

- 58 The Council published an assessment of its performance during 2012-13 in its Corporate Improvement Plan 2013-14 (the Performance Report) on 31 October 2013 in line with statutory requirements. The Performance Report is available in English and Welsh to download from the Council's website. It is also available in hard copy, and versions in other formats, such as Braille and audio, can be provided upon request.
- 59 The Performance Report sets out how the Council has responded to the Auditor General for Wales' statutory recommendation made in the November 2011 Corporate Assessment. It also included details of the most recent recommendations he made in his letter of 2 October 2013 and the recommendation made by the Appointed Auditor on 31 October 2013 under section 25 (2) of the Public Audit (Wales) Act 2004.
- 60 The Performance Report includes details of performance and comparisons as measured by the national statutory performance indicators in accordance with the Measure. It also includes details of the way in which the Council has sought to collaborate.
- 61 We identified a number of areas where the Council can further improve the Performance Report. These include; strengthening its arrangements to collect information that will allow it to assess whether it has met its improvement objectives. Improving its approach to evaluation to ensure that explanations are clear, transparent and balanced, enabling the reader to understand if the Council has been successful in achieving improvement objectives for the financial year 2012-13. The Council could use a wider evidence base such as information from peer reviews, scrutiny assessments, benchmarking data and customer satisfaction to improve self-evaluation and report more comprehensively on achievement. The Performance Report could also be improved by setting out the intended benefits and outcomes of collaborations and partnerships. Although the Council is not required to produce a summary of the Performance Report, it did, however it could be improved by providing a clear evaluation of each improvement objective and what had been achieved during 2012 13.
- 62 CSSIW in its *Annual Review and Evaluation of Performance of 2012-13* concluded that: 'The director of social services' annual report presents a clear, balanced and comprehensive view of services provided. This includes reflection on progress in relation to the priority areas identified for the year for both adult and children's services. The report sets out future direction with measurable goals based on previous progress and Welsh Government strategy/ policy. The report recognises the ongoing financial constraints and impact of welfare reform.'

**With the help of Welsh Government Advisors the Council is developing a number of corporate arrangements but it is too early to determine if they will improve the Council's ability to evaluate and improve services**

- 63 In October 2013 we issued our Improvement Assessment Letter and made two statutory recommendations to the Council for them to address financial planning and scrutiny of decision making. We also recommended that the Minister for Local Government and Government Business use her powers under Section 28 of the Local Government (Wales) Measure 2009 to provide support to the Council. We did not believe that the Council had the capacity to identify and implement the action necessary to address its serious financial difficulties. The provision of suitably skilled and experienced external support was necessary to enable the Council to take the prompt and significant action required.
- 64 The Minister provided a formal package of support comprising a team of external advisers to work alongside the Council between November 2013 and January 2014. The team provided support, challenge and advice to the senior management team and specifically focussed on the areas of short-term budget management and longer-term financial planning; programme management and delivery. The Minister also requested Welsh Government officials to work with the Council to put in place a programme to address the concerns regarding scrutiny arrangements.

- 65 Following the completion of the original support package the Minister provided a further light-touch short-term package until the end of March 2014. The aim of this package was to provide support and challenge to the Council to develop project planning, produce an integrated programme and develop performance management and reporting.
- 66 The Council has worked hard in developing the Transforming Blaenau Gwent Programme 2013-2017 and it is intended to be the framework under which the Council will drive its transformation agenda forward. The Council states that this Programme 'will help ensure there is clarity and transparency in achieving outcomes and reinforcing officer and member accountability'. Officers are currently working on a number of related arrangements including: a revised project management framework; a new monthly consolidated reporting format which includes performance and financial management information as well as risk and project progress reporting; self-evaluation and peer challenge; implementing a regulator recommendation tracking tool; and enhancing performance coaching. Many of these new or revised arrangements are intended to be in place for the new financial year which starts in April 2014.

### There are some weaknesses in the accuracy of reported data

- 67 Every council needs to have good information and use it well if it is to provide good services and make them even better. We audited the data systems supporting 10 performance measures used by the Council. Two were National Strategic Indicators (NSIs) and eight were local performance measures.
- 68 Our assessment of a sample of the Council's performance measures and operational data systems concluded that there were weaknesses in the accuracy of the data reported with two out of the 10 measures being amended.
- 69 However, we had reservations about the robustness of data sourced nationally by the Welsh Government for the following two NSIs and, therefore, decided to universally qualify these indicators for 2012-13 across all councils:
- SCA/001 – the rate of delayed transfers of care for social care reasons per 1,000 population aged 75 or over; and
  - PLA/006b – the number of additional affordable housing units provided during the year as a percentage of all additional housing units provided during the year.

### The Council complied with its responsibilities relating to financial reporting and use of resources but it must act immediately to deliver a legal and balanced budget for 2014-15

- 70 In his Annual Audit Letter dated 31 October 2013, the Appointed Auditor confirmed that the Council had complied with its responsibilities relating to financial reporting and use of resources. An unqualified audit opinion on the accounting statements for 2012-2013 confirming that they presented a true and fair view of the Council's financial position and transactions was issued on 25 September 2013. [Appendix 3](#) gives more detail.
- 71 As referred to below in paragraph 92 the Appointed Auditor decided to make a Statutory Recommendation to the Council under section 25 (2) of the Public Audit (Wales) Act 2004 in respect of the Council's anticipated financial position in 2013-14 and beyond.

## In 2013-14 the Council discharged its improvement planning duties under the Measure, and is involved in a large number of collaborations but made limited progress in improving its information management

### In 2013-14 the Council discharged its improvement planning duties under the Measure but should ensure that it acts more in accordance with Welsh Government guidance

- 72 In our October 2013 Improvement Assessment Letter we concluded the Council has discharged its improvement planning but should ensure that it acts more in accordance guidance. The Council's Improvement Objectives and its annual improvement plan, the *Corporate Improvement Plan Stage 1 Forward Looking Plan 2013-14*, (the Plan), meet the requirements of the Measure. The Plan includes an explanation of why and how the priorities were chosen and how the Improvement Objectives reflect the key priorities for the Council and focus specifically on areas where there is a need to improve the quality of life for local people.
- 73 The basis for selecting each of the improvement objectives is clearly set out in a section entitled 'why we have chosen this as a priority'. The section contains information including service user feedback, Welsh Government priorities, regulator recommendations, strategic partners' views, stakeholder engagement and community issues. Each of the Improvement Objectives includes a series of actions to be delivered in 2013-14. However, the quality of the action plans varies. A number of the actions do not directly link to the Improvement Objectives and consequently contribute little to their achievement. The Council has made some improvements to the links between the

Improvement Objectives and accompanying measures of success, baseline data and targets for improvement, although some areas are still inconsistent and are not always evidenced.

- 74 The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 set out specific requirements for local authorities in Wales. They were required to develop and publish Equality Objectives and a Strategic Equality Plan by 2 April 2012. There is significant alignment between the requirement to produce Equality Objectives and the 'Fairness' element that authorities must pay consideration to in setting improvement objectives under the Measure. We found that the Council's Improvement Plan focuses on services to protected groups under the Equality Act. Examples include Improvement Objectives to support looked after children, vulnerable older people and children at risk of becoming NEET (not in education, employment or training).



**Whilst the Council had made some progress it had not been quick or robust enough and it was unlikely to comply with the requirement to make arrangements to secure continuous improvement in 2013-14**

75 In recent years we have reported that unless inconsistencies and weaknesses in how the Council is run were addressed, it was unlikely that the Council would sustain significant improvement. In the Annual Improvement Report of April 2013 we concluded that to be successful and secure the improvements sought, the Council needed effective leadership, consistent management and delivery to ensure that the changes it is embarking on result in better outcomes for citizens. With fewer resources available to support improvement, the existence of some failing services, poor performance and limited capacity, the Council faced significant challenges in delivering better outcomes for its citizens.

76 In our October 2013 Improvement Assessment Letter we concluded that 'whilst the Council was making some progress to address the significant challenges it faces, this action has not been quick or effective enough. As so much remains to be done, the Council is unlikely to make the necessary arrangements to improve and to achieve the scale and pace of change needed during this financial year'. We came to that view because:

- leadership and decision making are still too inconsistent and the Council has not introduced proposals to address its predicted financial pressures and inconsistent service performance with sufficient urgency;
- whilst the Council is now introducing proposals to reduce expenditure, some of these are not robust, could impact adversely on improvement and it is uncertain if they will deliver the significant savings needed; and
- members are not receiving reports containing the level and quality of information necessary to support informed and appropriate decision making and the Council's track record in identifying and delivering savings is inconsistent and not sufficiently robust;
- whilst the Council has continued to deliver essential services with less money, it has increased expenditure by using General Council Fund reserves and the long-term sustainability of current methods of service delivery is unclear;
- the Council has not addressed the significant inconsistencies in service performance with sufficient urgency;
- the Council is strengthening its improvement planning arrangements; and
- members are demonstrating an appetite for effective scrutiny and decision making.

77 This assessment led to us making two statutory recommendations and also recommending that the Minister support the Council.

### Members are demonstrating an appetite for effective scrutiny and decision making

78 In our October 2013 Improvement Assessment Letter we noted that the Council had made some progress in addressing some of the cultural problems and behavioural weaknesses that have beset scrutiny in recent years. We found an improvement in members' questioning and challenge and a growing appetite to hold officers to account. For example, we found some of the scrutiny meetings are now more effectively chaired and members are focussing on challenging services in an appropriate non-confrontational manner.

79 However, long-standing weaknesses in the effectiveness of some scrutiny committees, which we have previously reported, still remain. These weaknesses include the quality of some reports hindering effective scrutiny and the inability of some officers to adequately respond to lines of enquiry and questioning from members. At the time we held the view that some officers had not made the step change needed to support effective governance and proper accountability.

80 The quality of information on which major decisions have to be made could be clearer, with key information more plainly set out and proposals fully costed. To improve the quality of reporting, the Council has engaged with peer support from the Welsh Local Government Association to review the Council's approach to financial planning and reporting.

81 In 2012-13 we undertook a Wales-wide study exploring the extent to which challenge and scrutiny were operating effectively in local government. The study provided councils with a baseline to assess and demonstrate their scrutiny improvement journey over the next five years and take stock of their improvement journey to date. It also involved real-time shared activity and working together, self-evaluation, and peer learning exchange opportunities. The focus was upon gaining insight and supporting and developing sustainable continuous improvement, not just on providing assurance.

82 The Council identified that the main areas for improvement were: the meeting environment; planning and preparation for meetings; forward work programmes; executive engagement; managing meetings; reports to Scrutiny; and public engagement. The Council has developed an action plan, which was reported to the Democratic Services Committee in December 2013 and to full Council in May 2014. As part of our improvement assessment work we will be reviewing progress on the action plan periodically.

**The Council's arrangements for the preparation of its Annual Governance Statement are reasonably robust but there are some areas where these arrangements could be enhanced**

83 Since 2010-11, local authorities have been required to prepare an Annual Governance Statement (AGS). This statement should encompass a review of internal control and the wider governance framework. In 2012-13, the Auditor General decided to undertake an improvement study to evaluate the effectiveness of authorities' reviews of governance. This was with a view to identifying how they can be improved to give assurance that they are reliable mechanisms of self-evaluation. The study focused on identifying learning points for authorities to consider during future reviews of their AGSs. The study sought to answer the question; 'In producing its AGS, has the Council evaluated the effectiveness of its governance arrangements comprehensively and thoroughly?'

84 We found that the Council's AGS reflected the key elements identified within the CIPFA<sup>7</sup>/SOLACE<sup>8</sup> framework. The Council has an AGS working group with representatives from all departments, and the Head of Internal audit co-ordinates the production of the AGS. We also found that the Council's governance arrangements were reasonably robust with self-assessment questionnaires being completed by senior officers from all departments. However, the process for monitoring issues within departments as they arise

throughout the year was inconsistent, specifically in relation to risk management, project management and performance management. The level of challenge from senior officers and corporate management team could also be enhanced. We identified a number of key learning points for the Council:

- increasing officer and member understanding of the principles covered within the AGS;
- identifying and assessing the effectiveness of all governance frameworks and policies under the Corporate Recovery Programme;
- embedding good governance principles into the day-to-day activities of the Council's individual departments, for example; monitoring service delivery against priorities/targets and the risks associated with their achievement;
- greater challenge of the AGS content by corporate management team, thus ensuring that the statement is consistent with the team's knowledge and understanding of wider issues affecting the Council; and
- improving the governance arrangements and associated risks of collaboration/joint working projects within the AGS.

85 The Council was addressing these areas as part of its response to our October 2013 Improvement Assessment Letter with a view to enhancing its arrangements for compiling its 2013-14 AGS.

<sup>7</sup> Chartered Institute of Public Finance and Accountancy

<sup>8</sup> Society of Local Authority Chief Executives

**The Council made very limited progress in acting on our proposals for improving its information management and did not take full advantage of the collaboration with Merthyr Council, which was hampered by weak governance**

86 In our Annual Improvement Report dated April 2013 we reported the Council's arrangements for information governance were developing but were not fully established. The developing collaboration with Merthyr Tydfil County Borough Council was bringing benefits and would allow the Council to make rapid progress to address current weaknesses.

87 We made a number of proposals for improvement. Our original report dated October 2012 took a long time to be reported formally to Members. So, in October 2013, we reviewed the Council's progress at implementing the eight proposals for improvement arising from our original review in 2012. It was disappointing that we found that the de-prioritising the Information Management agenda led to the Council making very limited progress against our proposals for improvement and the Council had not taken full advantage of the collaboration with Merthyr Council, which hampered progress through weak governance.

88 We came to this conclusion because:

- The Senior Information Risk Owner has only convened one meeting of the Information Governance Group, which is insufficient to deliver robust information governance. Whilst other briefing routes have been noted these do not constitute good or robust governance, posing a risk to the Council.
- The decision to de-prioritise the Information Management agenda and not to progress actions to address the proposals made in our October 2012 report was not made by Corporate Management Team or any other senior management or member group.
- The Council has made insufficient effort to develop an information strategy and as a consequence has not developed any plans to progress the information management agenda within the Council.
- The Council, using policies developed by Merthyr Council, has approved 20 information-related policies.
- The Council has not paused and reviewed its Electronic Document Management System implementation and lacks the capacity and management commitment to implement the system and to realise the full benefit from its ongoing investment.

- No progress has been made to create a central register of information-sharing protocols or to bring all information sharing protocols in line with the Welsh Accord for the Sharing of Personal Information standard. In addition, no changes have been made to the Council's Freedom of Information Act website content.
- A solution is being developed for the Council's off-site data store which, once complete, will enable the Council to restore its service information in the event of a disaster.

The Council was involved in a large number of collaborations and, in general, we found scope to improve the planning and management of collaborations, and that the lack of information on costs and benefits made it difficult to assess value for money

89 In 2013 we carried out a review of collaborative working across four councils in Gwent; Blaenau Gwent County Borough Council, Caerphilly County Borough Council, Monmouthshire County Council and Torfaen County Borough Council. The reviews sought to assess whether the councils' approaches to collaboration were robust and delivering what they intended.

90 We concluded that the Council was involved in a large number of collaborations and, in general, we found scope to improve the planning and management of collaborations, and that the lack of information on costs and benefits made it difficult to assess value for money. We came to this conclusion because:

- councils we surveyed are involved in many collaborative projects, although Blaenau Gwent has relatively few compared with the other councils we surveyed;
- the planning and management of some projects could be improved by clearly setting out the rationale for collaborating, nominating a lead officer and specifying clear timescales for the project; and
- collaboration projects in the councils we surveyed generally lack information on the costs and benefits of collaboration, which has made it difficult to assess value for money.

91 As part of the review we also looked at two case studies, Supporting People and the Gwent Wide Integrated Community Equipment Services (GWICES) and concluded that:

- the Gwent Supporting People collaboration had good working relationships and developing governance arrangements, but there was limited member involvement and limited information on the costs and benefits of the programme; and

- GWICES was making significant improvements for service users and resulting in economies of scale, but there were significant overspends and evaluation of value for money was not undertaken.

The Council has made significant progress in addressing its anticipated budget shortfalls in 2013-14 and 2014-15, however, it is crucial that the Council now delivers these savings and continues to develop its savings plans for 2015-16 and beyond if it is to remain financially sustainable

- 92 The Chancellor of the Exchequer announced the 2010 spending review to parliament on 20 October 2010. This formed a central part of the coalition government's response to reducing the national deficit, with the intention to bring public finances into balance. These savings represent the largest reduction in public spending since the 1920s and come at a time when demographic changes and recession-based economic pressures are increasing demand for some services. To effectively plan finances authorities should analyse details of financial trends, appropriate benchmarking information, possible scenarios and their likely impact over the short, medium and long term. The current financial climate and the recent tough settlement for local government mean that good financial planning is critical to sustaining financial resilience.
- 93 The April 2013 Annual Improvement Report highlighted that although budget management systems continued to work effectively, an anticipated deficit on the 2012-13 budget and weaknesses in the Council's Medium Term Financial Strategy presented significant challenges to the Council's ability to sustain services in the medium to long term. This view was supported by the findings of peer review work undertaken by the Welsh Local Government Association in July 2013.
- 94 Following the peer review feedback, the Chief Executive's report to the Council on 2 August 2013 referred to two immediate priorities that the Council needed to focus on. One of the priorities was for the Council 'to identify, risk assess, deliver and secure up to £10 million budget savings for the 2014-15 financial year'. The Chief Executive's report also highlighted that the feedback from the peer review indicated that the priorities needed to be addressed 'in order for Blaenau Gwent to survive into the next financial year and, in turn, provide some foundations to place the Council on a more sustainable footing into the future'.
- 95 Given the significance of the financial position to the future financial viability of the Authority, the Appointed Auditor in his *Audit of Financial Statements Report* issued to the Council in September 2013, outlined that he was considering whether to make a Statutory recommendation to the Authority (under Section 25 of the Public Audit Wales Act 2004). Having considered the matter further, the Appointed Auditor decided to

make the Statutory Recommendation and this was contained within the *Annual Audit Letter* which was issued to the Council on 31 October 2013. The recommendation was as follows:

‘The Council must act immediately to identify and approve the actions required to deliver a legal and balanced budget for 2014-15, and to agree a sustainable Medium Term Financial Strategy that will enable the Council to live within its means. In drawing up robust plans for service transformation and change, and in taking properly informed judgements on the future design and delivery of its services, the Council must assess the impact that its decisions will have on the citizens of Blaenau Gwent’.

- 96 The Council accepted the recommendation and implemented a number actions during 2013-14 to address in year budget overspends. As a result of these actions and with the additional assistance of the Ministerial Support Team, the Council has now made significant progress in addressing the anticipated financial overspend it was predicting for 2013-14 and 2014-15. The latest financial information available as at 28 February 2014 indicates that the Council is predicting an underspend of £0.29 million for the 2013-14 financial year. This underspend is after the application of the £1.3 million specific reserve it established during the year for redundancy payments. The Council has also made considerable progress in identifying and establishing detailed plans for the delivery of its savings target of £10 million for 2014-15.

- 97 The above progress was recognised in the Ministerial Support Team’s letter to the Minister for Local Government and Government Business dated 20 January 2014, which concluded that the ‘Council has made significant and commendable progress and with a further package of assistance which will be much more limited than the original support package we as Advisors believe that the Council should have the necessary tools systems and processes to take itself forward and indeed, become an exemplar amongst Welsh Local Authorities. However, this will depend on Leadership, both Political and Managerial within the Council.’

- 98 The Ministerial Support Team’s latest letter to the Minister for Local Government and Government Business dated 31 March 2014, re-affirmed that the Council continues to make good progress with its plans for financial sustainability and that at the March meeting of the Council it again showed its capacity to make difficult decisions based on appropriate analysis of options and consequences. The Ministerial Support Team’s interim report as at 01 April 2014 highlighted that as at 27 March 2014 a small number of project plans were still outstanding or undeliverable with a value of about £335,000.

99 The Council has made significant progress over the last six months and we recognise the extent of the work undertaken during that time. However, it is vital that the good work undertaken continues to be built upon and it is crucial that the Council not only delivers the savings it has identified for 2014-15 but also continues to develop the savings plans required for it to remain financially stable over 2015-16 and beyond. We will continue to monitor the Council's progress closely over the next financial year.

100 In addition, the Auditor General is also undertaking a wider review of the financial health of all other local authorities in Wales. This will include their approach to budgeting and delivering on required savings, to provide assurance on their financial resilience. Similar to our work at Blaenau Gwent, 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 enables them to continue to operate for the foreseeable future. The focus of this 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.



## It is uncertain whether the Council is likely to make arrangements to secure continuous improvement for 2014-15

- 101 Although the Council has responded positively to the support provided by the Minister (see paragraphs 63 to 66) and is making changes to a number of its corporate arrangements. Whilst the Council is making progress in terms of its arrangements, it now needs to deliver without the direct support of the Ministerial Support Team. The Council's track record suggests that it has not been able to successfully deliver improvements without external support in the past. A full assessment of the robustness and sustainability of the Council's revised arrangements will only be possible when they have been fully implemented and have been operational for a period of time.
- 102 In the October 2013 Improvement Assessment Letter we stated that 'Leadership and decision making is still too inconsistent'. The Council is facing unprecedented challenges, both financially and corporately, that will test if its capacity and arrangements can improve its short-term budget management, longer-term financial planning, programme management and service delivery. The leadership of the Council needs to work as one team and to have the resolve to implement difficult decisions if it is to be successful in both improving its arrangements and delivering improvements.

# 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 park authorities, and fire and rescue authorities.

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

## Appendix 2

### Useful information about Blaenau Gwent and Blaenau Gwent County Borough Council

#### The Council

The Council spends approximately £174.9 million per year (2013-14). This equates to about £2,505 per resident. In the same year, the Council also spent £40.3 million on capital items.

The average band D council tax in 2012-13 for the Council was £1,463 per year. This has increased by 4.3 per cent to £1,526 per year for 2013-14. 96.2 per cent of Blaenau Gwent's housing is in council tax bands A to D.

The Council is made up of 42 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:

- 8 Independent
- 2 Labour
- 30 Welsh Labour
- 1 Labour and Co-operative Party
- 1 Not affiliated

The Council's Chief Executive is David Waggett

Corporate Director Social Services – Liz Majer

Corporate Director Strategy, Transformation and Culture – Stephen Gillingham

Corporate Director Environment and Regeneration – Richard Crook

## Other information

The Assembly Member for Blaenau Gwent is:

- Alun Davies, Labour

The Regional Assembly Members are

- Mohammad Asghar, South Wales East
- Jocelyn Davies, South Wales East
- Lindsay Whittle, South Wales East
- William Graham, South Wales East

The Member of Parliament for Blaenau Gwent is:

- Nick Smith, Labour

For more information, see the Council's own website at [www.blaenau-gwent.gov.uk](http://www.blaenau-gwent.gov.uk) or contact the Council at Municipal Offices, Civic Centre, Ebbw Vale, Gwent, NP23 6XB

## Appendix 3

### Annual Audit Letter

Mr David Waggett  
Chief Executive  
Blaenau Gwent County Borough Council  
Municipal Offices  
Civic Centre  
Ebbw Vale  
NP23 6XB

Dear David,

#### Annual Audit Letter 2013

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 25 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 financial position and transactions. My report is contained within the Statement of Accounts.

**Using the powers available to me, I have decided to make a Statutory Recommendation to the Council under section 25(2) of the Public Audit (Wales) Act 2004**

The key matters arising from the accounts audit were included within my Audit of Financial Statements report which was discussed with you prior to being presented to members of the Audit Committee on 24 September 2013. This report, referred to your report to the Council on 2 August 2013 which highlighted that a key priority for the Council is to identify, risk assess, deliver and secure up to £10m of savings for the 2014-15 financial year. It was also reported that this priority needs to be addressed in order for Blaenau Gwent to survive into the next financial year and in turn, provide some foundations to place the Council on a more sustainable footing into the future.

However, I am aware that the Council is still to determine, agree and develop the necessary actions needed to achieve the level of savings required. I also note that the Finance Minister announced an overall reduction of 5.81% in real terms in the local government spending allocation, when she presented her 2014-15 draft Budget to the National Assembly for Wales on 8 October 2013. The draft Welsh Local Government Settlement figures for 2014-15 indicate that the provisional Aggregate External Finance settlement for Blaenau Gwent is to reduce from £117.336 million in 2013-14 to £112.834 million in 2014-15, a reduction of approximately 3.8% in cash terms.

Having carefully considered this matter and in the context of the extremely difficult financial challenges facing the Council, I have decided to make a Recommendation pursuant to section 25(2) of the Public Audit (Wales) Act 2004 (the Act).

My Recommendation is as follows:

**The Council must act immediately to identify and approve the actions required to deliver a legal and balanced budget for 2014-15, and to agree a sustainable Medium Term Financial Strategy that will enable the Council to live within its means. In drawing up robust plans for service transformation and change, and in taking properly informed judgements on the future design and delivery of its services, the Council must assess the impact that its decisions will have on the citizens of Blaenau Gwent.**

In accordance with sections 25 and 26 of the Act, the Council is now required to consider my Recommendation at a meeting within one month of the date of this letter.

Specifically, and in accordance with section 26(5) of the Act, that meeting of the Council should decide:

- 1 Whether the report requires the Council to take any action;
- 2 Whether the Recommendation made is to be accepted; and
- 3 What action, if any, is to be taken in response to the Recommendation.

As soon as is practicable after the meeting, I should be notified of the decisions made by the Council and provided with a notice summarising the decisions which, once approved by me, must be published in a local newspaper circulating in the Council's area, subject to the exceptions in relation to confidential issues contained in section 26(5) of the Act. The Council is also required to publish the recommendation and its decisions in relation to it.

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.

I note that the Auditor General for Wales' Improvement Assessment Letter dated 2nd October 2013 also included two statutory recommendations for improvement to address weaknesses identified in the Council's financial planning and scrutiny arrangements. The Auditor General and I will continue to monitor and report on the Council's progress in addressing our respective statutory recommendations.

The Auditor General also recommended that the Minister for Local Government and Government Business should use her powers under Section 28 of the Local Government (Wales) Measure to provide support to the Council to address its serious financial difficulties and to enable the Council to take the prompt and significant action now required. I am aware that the Minister has since acted on that recommendation.

I issued my certificate, confirming that the audit of the accounts has been completed, on 25 September 2013.

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,



**Mike Usher**

Group Director  
For and on behalf of the Appointed Auditor

## Appendix 4

# The 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 Improvement Plan Stage 1 Forward Looking Plan 2013/14* which can be found on the Council's website at [www.blaenau-gwent.gov.uk](http://www.blaenau-gwent.gov.uk)

They are:

2012-2013 Improvement Objectives	2013-2014 Improvement Objectives
<p><b>Children and young people's learning and achievement levels are maximised</b></p> <ul style="list-style-type: none"><li>• Children that need to be looked after are cared for by local foster carers who are able to provide stable placements.</li><li>• Increase pupil attendance rates in all schools in Blaenau Gwent.</li><li>• Deliver interventions at year 11 that contribute to the reduction of reported levels of NEETs (people Not in Employment, Education or Training).</li></ul>	<p><b>Children and young people's learning and achievement levels are maximised</b></p> <ul style="list-style-type: none"><li>• Children that need to be looked after are cared for by local foster carers who are able to provide stable placements.</li><li>• Increase pupil attendance rates in all schools in Blaenau Gwent.</li><li>• Deliver interventions at year 11 that contribute to the reduction of reported levels of NEETs (people Not in Employment, Education or Training).</li></ul>
<p><b>People and communities are enabled to help themselves</b></p> <ul style="list-style-type: none"><li>• Those vulnerable people who need support from social services are enabled to lead independent and fulfilled lives, to remain in their own homes for as long as possible.</li><li>• To increase and sustain employment opportunities for the citizens of Blaenau Gwent through direct support to new and existing businesses.</li><li>• Improve working together with customers and services to develop access channels (to Council services).</li></ul>	<p><b>People and communities are enabled to help themselves</b></p> <ul style="list-style-type: none"><li>• Those vulnerable people who need support for Social Services are enabled to live independent and fulfilled lives, to remain in their own homes for as long as possible.</li><li>• To increase and sustain employment opportunities for the citizens of Blaenau Gwent through direct support to new and existing businesses.</li><li>• Improve working together with customers and services to develop access channels (to Council services).</li></ul>



2012-2013 Improvement Objectives	2013-2014 Improvement Objectives
<p><b>The living environment is vibrant and attractive</b></p> <ul style="list-style-type: none"> <li>• Working together we will become a high recycling, low waste society.</li> <li>• To provide a clean and pleasant environment to enjoy and be proud of, by listening to our citizens and visitors and promoting what we do.</li> <li>• Maintain and improve the highways network to contribute to a safe and effective transport infrastructure.</li> <li>• Town Centres are more vibrant, attractive and viable as a result of physical regeneration and town centre management for the benefit of shoppers and businesses.</li> </ul>	<p><b>The living environment is vibrant and attractive</b></p> <ul style="list-style-type: none"> <li>• Working together we will become a high recycling, low waste society.</li> <li>• To provide a clean and pleasant environment to enjoy and be proud of, by listening to our citizens and visitors and promoting what we do.</li> <li>• Maintain and improve the highways network to contribute to a safe and effective transport infrastructure.</li> <li>• Town Centres are more vibrant, attractive and viable as a result of physical regeneration and town centre management for the benefit of shoppers and businesses.</li> </ul>

### The Council's self-assessment of performance

The Council's self-assessment of its performance during 2012-13 *Corporate Improvement Plan 2013/14* can be found on the Council website [www.blaenau-gwent.gov.uk](http://www.blaenau-gwent.gov.uk)

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