

## Torfaen County Borough Council Annual Audit Summary 2021

This is our audit summary for Torfaen County Borough Council. It shows the work completed since the last Annual Audit Summary, which was issued in January 2021. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

### About the Council

#### Some of the services the Council provides



#### Key facts

The Council is made up of 44 councillors who represent the following political parties:

- Labour 27
- Independent Group 6
- Non-aligned 6
- Conservative 4
- Vacant seats 1

The Council spent £185.9 million on providing services<sup>1</sup> during 2020-21, the 18th-highest spending of the 22 unitary councils in Wales.

<sup>1</sup> We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

## Key facts

As at 31 March 2021, the Council had £25.4 million of usable financial reserves<sup>2</sup>. This is equivalent to 13.7% of the Council's annual spending on services, the 20th-highest percentage of the 22 unitary councils in Wales<sup>3</sup>.

Torfaen County Borough Council has three (5%) of its 60 areas deemed the most deprived 10% of areas in Wales, this is the ninth-lowest of the 22 unitary councils in Wales<sup>4</sup>.

Torfaen County Borough Council's population is projected to increase by 4.3% between 2020 and 2040 from 93,587 to 97,585, including a 5.1% decrease in the number of children, a 0.8% decrease in the number of the working-age population and a 27.4% increase in the number of people aged 65 and over<sup>5</sup>.

## The Auditor General's duties

### We completed work during 2020-21 to meet the following duties

- **Continuous improvement**

The Council also had to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General had to assess whether the Council met these requirements during 2020-21.

- **Audit of Accounts**

Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.

- **Value for money**

The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.

<sup>2</sup> We define usable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

<sup>3</sup> Source: 2020-21 Statement of Accounts

<sup>4</sup> An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

<sup>5</sup> Source: Stats Wales

- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.



We continue to recognise the huge strain on public services and to work in a way that seeks to reduce the impact on public bodies' response to COVID-19, while still meeting our statutory duties.



**To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.**

## What we found

### Audit of Torfaen County Borough Council's 2020-21 Accounts

Each year we audit the Council's financial statements.

#### For 2020-21:

- the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 29 July 2021, two days ahead of the statutory deadline.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- the quality of the draft statements presented for audit on 19 May 2021 was generally good.
- a number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Council in our Audit of Financial Statements Report in July 2021.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. At this time we are working through the grants certification.
- the Auditor General issued the certificate confirming that the audit of accounts for 2020-21 has been completed.

## Our work in response to the COVID-19 pandemic

In response to the COVID-19 pandemic, we changed the approach and focus of our performance audit work in local government and other bodies. Below is a summary of some of the work we have undertaken in response to the pandemic across a number of sectors, much of which is of relevance to local government.

We undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking and share practice. [Further information is available on our website.](#)

In March 2021, we published a [national report](#) setting out an overview of progress to date on Test, Trace, Protect in Wales. In December 2020, we also published some [observations](#) of the Auditor General on procurement and supply of PPE during the COVID-19 pandemic, followed by a [report](#) in April 2021. In June 2021, we also published our [report](#) on the rollout of the COVID-19 vaccination programme in Wales.

## Continuous improvement

The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

As part of our examination of councils' performance assessments covering the 2020-21 financial year, we noted a reduced reference to comparative performance information although we recognise that the pandemic led to the suspension of some national data collection. The ability to compare data and performance with other organisations will continue to be an important element of arrangements to secure value for money and will be a challenge for councils to consider particularly as they continue to implement the requirements relating to self-assessment set out in the Local Government and Elections Act (Wales) 2021.

## Financial sustainability

During 2020-21, we examined the financial sustainability of each council in Wales. In July 2021, we concluded that as a result of the better-than-expected Welsh Government budget settlements in the last two years, the Council is now better placed to maintain its financial sustainability over the short term but challenges remain over the medium term.

We made three proposals for improvement which the Council accepted fully.

The [full report is on our website.](#)

We also published two national summary reports: the [first report](#) in October 2020 and the [second report](#) in September 2021.

## Delivery of the T22 Children's Services Transformation Programme

During 2020-21, we examined the progress that the Council was making in effectively delivering its T22 Children's Services transformation programme. The Council started the programme in 2019. In November 2019, the Council's rate of looked after children per 10,000 child population was the highest in England and Wales and this was causing considerable

financial challenges. The growth in demand, cost and escalation presented the Council with a challenge that was big, complex and urgent, and continues to do so.

We concluded that to more effectively deliver the children's services transformation programme's outcomes, the Council now needs to drive progress and collective action to secure improved outcomes.

We reached this conclusion because:

- whilst the Council has a robust evidence base for the social care aspects of its children's services transformation programme, it needs to identify and more comprehensively implement evidence-based early intervention and prevention models.
- the Council's vision for its children's services transformation is ambitious but it needs to develop clearer measures of success to monitor its progress towards its intended outcomes.
- the Council initially set a clear timescale for the children's services transformation programme and adjusted that in light of COVID. The Council now needs to develop a clear roadmap that identifies the order and timescales for the future delivery of the programme.
- the Council has effective mechanisms to monitor progress against the programme's project outputs, but needs to develop more effective mechanisms to drive progress against the intended programme outcomes.
- due in part to COVID, the Council's delivery against its children's services transformation programme priorities and timescales slowed and the Council will now need to take collective action to address this to achieve the programme's intended outcomes.
- the implementation of the Council's Children's Services transformation programme has identified the need to develop transformation skills further across the Council.
- staff and partners generally feel fully engaged with the Council's Children's Services transformation programme.
- the Council may need to address a range of risks as it continues to deliver its transformation programmes.

We identified a series of areas for development in the [full report](#). We presented those areas to the Cabinet and Council's senior management team in Spring 2021. During summer 2021 following the appointment of the new Chief Executive, the Council decided to develop a new five-year Children's services strategy that aims to address the review findings. The Council expects to publish its new strategy in early 2022.

## Recovery planning

During 2020-21, we reviewed the arrangements that each council in Wales was putting in place to support recovery planning. We undertook this work on an ongoing basis, providing real-time and ongoing feedback where appropriate. Our key findings included the following areas for consideration by the Council:

- exploring how the pandemic may provide opportunities to innovate and drive longer-term changes to service delivery to better meet the economic, social and environmental needs of the local area;

- considering how data, evidence and information can be used to inform actions within the transition and recovery framework with a focus on longer-term inequalities that may have been further exacerbated by the pandemic;
- ensuring that the revised performance management arrangements are applied effectively to provide insight and demonstrate assurance around the progress the Council is making against its recovery priorities;
- ensuring continuing periodic engagement with staff around the impact of the pandemic on work arrangements to support their well-being;
- ensuring that recordings of democratic meetings are uploaded to and easily accessible via the Council's website to ensure public access to decision making;
- taking account of how the Climate Change Action Plan may influence future decision making across the Council;
- ensuring that the asset management strategy provides for efficient, effective and economic use of council assets, and that the strategy is aligned with the Council's response to the declared climate emergency, and
- setting measures for the workforce strategy's intended outcomes.

## Other inspectorates

We also took into account Assurance Check findings undertaken by Care Inspectorate Wales (CIW) and Estyn reports as well as any subsequent actions taken by the Council in response. In March 2021, CIW and Healthcare Inspectorate Wales published their joint National review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales. They identified a number of key findings and recommendations in their [full report](#). In November 2021, CIW also published its [national overview report of assurance checks in Wales](#) and '[Let me flourish](#)', a national review of early help, care and support and transition for disabled children in Wales.

Estyn did not undertake an inspection of Local Government Education Services in Torfaen during 2020-21.

## Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

### Discretionary services (April 2021)

Financial pressures have led to councils reducing spending and cutting services, but the pandemic has shown local government services are essential to keeping people safe and healthy. We focussed on how councils define services, the systems and processes they have used to review services and how robust these are. Demand for some essential services is continuing to increase and councils are not confident that they can continue to deliver these services in the face of this rising and complex demand. Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future. Our [report](#) was published in April 2021.

## Regenerating town centres in Wales (September 2021)

Between 1950 and 1980, local authorities prioritised regeneration of town centres creating new and greater retail space. However, past policy choices, changing consumer expectations and technological advances are now adversely affecting many Welsh town centres. And the pandemic has created challenges for local government and central government, with one in seven shops on Welsh high streets now empty, despite the Welsh Government investing and leveraging in £892.6 million in the last seven years. Local authorities do not have the capacity to respond to this situation and are not always using the powers they have to help regenerate towns. To deliver the best local outcomes, policies and joint working need to be aligned and integrated, and resources prioritised on town centres. Our [report](#) was published in September 2021.

## Planned work for 2021-22

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

The most significant risk and issue facing councils and the wider public sector during 2021-22 continues to be the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our planned work for 2021-22 includes:

- Assurance and risk assessment including a focus on:
  - The Local Government and Elections Act (Wales) 2021;
  - Recovery planning;
  - Carbon reduction plans;
  - Self-assessment arrangements, and
  - Financial position.
- Springing Forward – as the world moves forward, learning from the pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- Improvement reporting audit.
- Local risk-based project – further updates to be provided to the Governance and Audit Committee following discussion with the Council.



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 Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

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

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.