



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Corporate Assessment Report 2016

## Torfaen County Borough Council

Issued: September 2016

Document reference: 463A2016



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# Summary report

## Summary

- 1 In 2013-14, staff of the Wales Audit Office began a four-year cycle of Corporate Assessments of improvement authorities in Wales. This meant that, in addition to an annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each authority received an in-depth Corporate Assessment once during the four-year period.
- 2 Our fieldwork for the Corporate Assessment focused on the extent to which the Council's arrangements are contributing to delivering improved service performance and outcomes for citizens. The Corporate Assessment sought to answer the following question: **Is the Council capable of delivering its priorities and improved outcomes for citizens?**
- 3 The Auditor General has concluded that: **Torfaen County Borough Council has a clear strategic vision driven by open and inclusive leadership, and is actively developing its corporate arrangements to deliver improved outcomes.** He came to this conclusion because:
  - a The Council is demonstrating open and inclusive leadership and a learning culture in developing its new corporate strategy.
  - b The Council has generally effective and transparent governance arrangements, and is actively working to further improve them.
  - c The Council's approach to financial planning and use of technology is positively supporting improvement, however, its arrangements for managing its workforce, assets and information resources require further development to support its corporate priorities:
    - the Council has continued to strengthen its financial planning arrangements;
    - the Council's workforce plan provides a framework for it to manage and utilise its employees, but currently lacks sufficient detail to be fully effective;
    - the Council has updated its strategic asset management plan, but is currently constrained by underdeveloped performance management arrangements and fragmented asset data systems;
    - the Council is making good use of digital technology with a clear commissioning strategy for IT which delivers effective services from the Shared Resource Service (SRS); and
    - the Council is in the process of updating and improving its information management and governance arrangements which are currently out of date.
  - d The Council is working well with its strategic partners, but some performance management arrangements are not well-enough developed to demonstrate improved outcomes across all partnerships.
  - e The Council is demonstrating improvements in the majority of its key services and improvement planning, and is continuing to strengthen and embed its performance management arrangements.

## Introduction

- 4 We undertook our Corporate Assessment fieldwork in Torfaen County Borough Council (the Council) during March 2016. Whilst the Corporate Assessment does not aim to provide a comprehensive analysis of the performance of all of the Council's services, it reports on the Council's track record of performance and outcomes as well as the key arrangements that are necessary to underpin improvements in services and functions.
- 5 This work has been undertaken by staff of the Wales Audit Office and Grant Thornton on behalf of the Auditor General. This corporate assessment was also informed by the work of Estyn (for education) and the Care and Social Services Inspectorate for Wales (CSSIW).
- 6 Our conclusion should not be seen as a definitive statement of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 7 Our fieldwork for the Corporate Assessment focused on the extent to which arrangements are contributing to delivering improved service performance and outcomes for citizens. The corporate assessment sought to answer the following question: **Is the Council capable of delivering its priorities and improved outcomes for citizens?**
- 8 The Corporate Assessment covers the following:
  - Vision and strategic direction:**
    - Does the Council's vision and strategic direction support improvement?
  - Governance and accountability:**
    - Do the Council's governance and accountability arrangements support robust and effective decision-making?
  - Use of resources:**
    - Is the Council managing its resources effectively to deliver its planned improvements in performance and outcomes?
  - Collaboration and partnerships:**
    - Are the Council's collaboration and partnership arrangements working effectively to deliver improved performance and outcomes?
  - Managing improvement:**
    - Is the Council effectively managing its improvement programme?
  - Performance and outcomes:**
    - Is the Council making progress on achieving its planned improvements in performance and outcomes?
- 9 The conclusions in this report are based on the work carried out and, unless stated otherwise, reflect the situation at the point in time they were concluded.

- 10 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:
- a Make proposals for improvement – we make such proposals in this report and we will follow up what happens.
  - b Make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days. We find no reason to make such recommendations.
  - c Conduct a special inspection and publish a report and make recommendations. We find no reason to conduct such an inspection.
  - d Recommend to Ministers of the Welsh Government that they intervene in some way. We find no reason to make such a recommendation.
- 11 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@audit.wales](mailto:info@audit.wales) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

## Proposals for improvement

### Proposals for Improvement

#### Vision and strategic direction

- P1 The Council should ensure that the business plan it is developing, is agreed and implemented in due time before the start of the 2017-18 financial year to provide clarity on how the three priorities within the Corporate Plan 3 (CP3) will be delivered, as well as setting out the non-priority areas where financial and other resources will be reduced.
- P2 To ensure that the requirements of the Well-being of Future Generations (Wales) Act 2015 are effectively implemented and embedded, the Council should:
- develop core guidance for managers aimed at transforming governance arrangements to reflect the five ways of working, rather than existing arrangements simply being amended;
  - ensure that the implementation plan contains actions, timescales, and responsibilities designed to achieve this more radical, transformative approach;
  - assess and analyse the barriers (internal and external) to effectively implementing the Act, and put in place actions where possible to address these barriers;
  - agree and implement an approach to communicating with and engaging staff that reflects the current good level of senior leadership understanding and enthusiasm;
  - develop a clear plan to embed the setting of its well-being objectives in the Council's corporate planning processes; and
  - develop and agree an action plan with Public Service Board partners setting out, amongst other things, the work needed to prepare the Local Wellbeing Plan and to develop a shared understanding of the role of the Public Service Board.

## Proposals for Improvement

### Governance

P3 The Council should:

- work with Members to continue to identify ways in which low attendance at some committees can be improved;
- work with members to increase the number of personal development reviews completed in order that appropriate programmes of training and support can be identified and provided; and
- formalise the terms of reference and remit of the Governance Review Group.

### Use of Resources – People

P4 The Council should:

- ensure detailed workforce plans are developed in accordance with its workforce strategy and integrated within service plans; and
- develop mechanisms to demonstrate that it is addressing the issues raised in its latest staff survey.

### Use of Resources – Assets

P5 The Council should:

- consolidate its information on the operation and performance of its assets to enable it to strengthen its performance management arrangements; and
- ensure the Strategic Asset Management Plan clearly articulates its future asset requirements to support the delivery of its strategic priorities.

### Use of Resources – Information governance

P6 The Council should ensure that all information governance policies and procedures are updated and finalised as soon as possible.

### Working in Partnership

P7 The Council should:

- ensure it supports the Public Service Board to develop clear outcome measures and regular performance reporting to enable it and the Council to demonstrate improved outcomes; and
- ensure that performance management and reporting arrangements across the Council's key partnerships, including the Public Service Board, are: clear and consistent; demonstrate whether the intended outcomes are being achieved; demonstrate return on investment; and enable partners to be held to account on performance where appropriate, including through scrutiny arrangements.

### Risk Management

P8 The Council should apply a consistent and robust approach to risk identification and management across all services and for all key decisions.



# Detailed report





# The Council is demonstrating open and inclusive leadership and a learning culture in developing its new corporate strategy

## The Council has developed a new, politically driven corporate strategy and now needs to ensure this is embedded effectively in order to achieve improved outcomes

- 12 The Council launched its **Corporate Plan 3** (CP3) 2016-21 on 1 April 2016, which sets out its three priorities:
  - a A Clean and Green Torfaen
  - b Raising Educational Attainment
  - c Support for Torfaen's most vulnerable residents
- 13 This represents a reduction from its seven priorities in its Corporate Plan 2 (CP2) 2011-2016, which were:
  - a Supporting families and children living in poverty to get through the recession.
  - b Preventing Torfaen residents becoming homeless.
  - c Safeguarding children, especially those with additional (special) educational needs, and supporting positive attitudes towards education.
  - d Protecting the most vulnerable adults and supporting those with disabilities and other long term conditions.
  - e Targeting support to deprived communities, and families suffering from crime and anti-social behaviour.
  - f Using resources wisely, to include maintaining the highway infrastructure and reducing energy consumption and waste.
  - g Supporting initiatives which generate employment and training for work opportunities.
- 14 The Council reduced the number of its priorities from the seven identified in CP2 to three within CP3. This reduction was an acknowledgment that the scope of CP2 was too broad, and that the Council's financial and other resources were too widely spread and insufficiently focussed to respond to this time of austerity. CP3 represents the Council's political vision, and Members see it is an opportunity to focus the Council's financial and other resources on the areas that have the greatest priority with its residents.
- 15 In developing its CP3, the Council demonstrated an open and inclusive approach. It undertook a public consultation in November 2015 via a series of events held throughout Torfaen to obtain the views of the county borough's residents with regards to its new priorities. Opposition groups within the Council were also consulted during the development of CP3. Our interviews with Members and officers identified that there had been good internal communication regarding CP3, and that both officers and Members were supportive of the new reduced number of priorities.

- 16 CP3 sets out how the Council intends to work together with its communities to create an improved, more equal and sustainable future for its residents. To support the collaborative working with its communities, each of the Council's three priorities is underpinned with expectations in relation to what the Council will do, what the Council will support, and what the Council expects of its residents.
- 17 As part of its communication strategy, the Council clearly set out its processes and timelines for communicating CP3 to its staff and residents. This represents a continuation of the awareness raising that began in November 2015 as part of the Council's public consultation exercise.
- 18 At the time of our Corporate Assessment in March 2016, the Council was developing a detailed business plan to support the implementation of its CP3. Our Corporate Assessment identified that it is the Council's intention for the business plan to set out exactly what activity the Council will undertake and the standard to which it will be delivered to achieve its priorities. In addition, the Council intends that the business plan will set out how the Council will discharge its remaining statutory and discretionary services that are outside of the plan's three priority areas.
- 19 For 2016-17, the Council will continue using its current service plans and it intends to develop revised service plans from 2017-18 onwards, once its business plan has been agreed.

## Proposals for Improvement

### **Vision and strategic direction**

- P1 The Council should ensure that the business plan it is developing, is agreed and implemented in due time before the start of the 2017-18 financial year to provide clarity on how the three priorities within the Corporate Plan 3 (CP3) will be delivered, as well as setting out the non-priority areas where financial and other resources will be reduced.

## The Council is demonstrating open and inclusive leadership, a commitment to securing continuous improvement and a learning culture

- 20 The Council's leadership and management have established and embedded a significant positive cultural change throughout the Council in recent years. The Council's leadership and management demonstrate and promote a professional, transparent and inclusive culture. There is clear recognition amongst Members and officers of the importance of open and robust self-evaluation and challenge and a commitment to securing continuous improvement. Members and officers also identify the Council as a learning organisation that values other and external perspectives, support and challenge to inform its changes and actions to achieve better arrangements and outcomes. Our review identified that the culture of being a learning organisation that is open and transparent is embedded throughout the Council.
- 21 During its monitoring visit in February 2013, Estyn judged that the Council had made insufficient progress to address the recommendations in its 2011 inspection report. As a result, Estyn placed the Council in special measures. The Council acknowledges that being placed in special measures represented a turning point when Members and senior officers recognised that a cultural shift in relation to performance was required. The Council identified that it needed to increase transparency and challenge in relation to its performance.
- 22 Following Estyn's findings in 2013, the Council responded positively and brought about a significant cultural change with regards to its transparency and stronger challenge. Our interviews identified that the culture of the Council is very supportive, inclusive and challenging in respect of performance management in the pursuit of achieving improved outcomes. Further information in relation to the Council's performance management arrangements are set out in [paragraphs 124 to 130 and 140 to 147](#) of this report.
- 23 During our Corporate Assessment in March 2016, the Council's culture was demonstrated in a number of ways. For example: officers expressing that their ideas are taken on board; the development of its Council's Corporate Performance Assessment sessions to ensure that poor performance is robustly challenged in a timely manner; the processes in place for Cabinet to consider and monitor scrutiny recommendations; and the Council holding joint scrutiny workshops in relation to the setting of its 2016-17 budget and its savings plans for both 2016-17 and 2017-18.

**The Council's senior leadership demonstrates good understanding and ownership of the Well-being of Future Generations (Wales) Act 2015 and has started to integrate the five ways of working into decision-making, but recognises that this is not yet being done systematically or consistently**

- 24 To inform our Corporate Assessment of the Council, we undertook a tracer review of the Council's arrangements in preparing for the requirements of the Well-being of Future Generations (Wales) Act 2015 (WFG Act), which sought to answer the question: **Is the Council using the Sustainable Development Principle to review the core set of corporate governance activities identified in the guidance?**
- 25 In our feedback to the Council, we noted that the Welsh Government's statutory guidance for the WFG Act states that public bodies must use sustainable development to shape what they do, how they do it, and how they communicate the difference they are making to the achievement of the wellbeing goals. It is helpful, therefore, that the Council's CP3 notes that the Council will operate according to the sustainable development principle.
- 26 The WFG Act statutory guidance also states that the wellbeing duty is the core duty for public bodies covered by the Act. It requires public bodies to set wellbeing objectives that maximise their contribution to achieving the wellbeing goals. It will be important for the Council to embed the setting of its wellbeing objectives (and the steps it will take to achieve those objectives) within its corporate planning. This will enable the Council to demonstrate how it intends to maximise the Council's contribution to each and every one of the seven wellbeing goals. As well as ensuring that corporate planning becomes the mechanism for the setting of wellbeing objectives, the guidance also notes that public bodies may find it helpful to consider how their corporate planning process links to the process of developing local wellbeing plans.'
- 27 We also concluded that the Council's Members and officers are providing informed and enthusiastic leadership, and that responsibility for the WFG Act is being spread across its leadership team. An implementation plan has been developed and is being managed by the Council's Governance Review Group, but at the time of our review did not include sufficient detail on the priority of actions and responsibilities for these across the Council.
- 28 From 1 April 2016, the Council along with its partners established the Torfaen Public Service Board (PSB) and the Council is working with other councils in Gwent on an integrated approach to undertaking an assessment of needs across the County Borough. However, our interviews identified that there is not yet a consistent level of understanding amongst Members and senior officers about how the role of the PSB will differ from that of the former Local Service Board.

- 29 At the time of our Corporate Assessment, the Council was not yet fully using the five ways of working as a framework for challenging existing ways of doing business and identifying what needs to change. In addition, there is no clear and consistent core guidance for managers on how to use the five ways of working to identify and implement the change that will be required in the seven governance activities.

## Proposals for Improvement

### Vision and strategic direction

- P2 To ensure that the requirements of the Well-being of Future Generations (Wales) Act 2015 are effectively implemented and embedded, the Council should:
- develop core guidance for managers aimed at transforming governance arrangements to reflect the five ways of working, rather than existing arrangements simply being amended;
  - ensure that the implementation plan contains actions, timescales, and responsibilities designed to achieve this more radical, transformative approach;
  - assess and analyse the barriers (internal and external) to effectively implementing the Act, and put in place actions where possible to address these barriers;
  - agree and implement an approach to communicating with and engaging staff that reflects the current good level of senior leadership understanding and enthusiasm;
  - develop a clear plan to embed the setting of its well-being objectives in the Council's corporate planning processes; and
  - develop and agree an action plan with Public Service Board partners setting out, amongst other things, the work needed to prepare the Local Wellbeing Plan and to develop a shared understanding of the role of the Public Service Board.

The Council has generally effective and transparent governance arrangements and is actively working to further improve them

**Clear roles and responsibilities supported by appropriate values and behaviours enable Members to understand and fulfil their functions, and committee effectiveness will be further enhanced by the Council's action to tackle some inconsistent member attendance**

- 30 The Council's constitution, which was last updated in February 2016, sets out the roles and responsibilities for Members and senior officers within the Council, and provides the framework in which elected Members must operate. We found that Members generally have a clear understanding of roles and responsibilities within Cabinet and scrutiny committees.
- 31 The Council often has low Member attendance at its overview and scrutiny committee meetings and, as a result, it could be perceived that some Members are not fulfilling their democratically elected roles and responsibilities as effectively as they could be. We understand that this is not an issue that applies to all Members, but to a minority. The Council's Ethics and Standards Committee has been responsive in investigating complaints of member behaviour.
- 32 The Council is actively trying to address Member attendance at its overview and scrutiny committee meetings due to the impact this may have on the effectiveness of the Council's committees. Member attendance is being regularly reviewed by the Council's Ethics and Standards Committee and is publicly reported. The Council's Ethics and Standards Committee has also agreed to record the reason for non-attendance to meetings to understand why attendance is low for some Members. The Council has also changed its Member engagement arrangements to try and improve attendance, such as introducing a workshop style approach to joint meetings of all of its overview and scrutiny committees, and continues to consider options.
- 33 The table below illustrates Member attendance levels for each of the Council's overview and scrutiny committees in 2015-16<sup>1</sup>:

Overview and Scrutiny Committee	Number of meetings held 2015-16	Attendance rate (%)
Safer Communities	4	45
Healthier	6	58
Cleaner	5	60
Learning	6	65
Resources and Corporate Business	5	78

<sup>1</sup> Review of Overview and Scrutiny 2015-16 Municipal year. Council meeting 12 April 2016

- 34 In 2013, the Council established a Governance Review Group in response to our report, **Local Authority Review of Governance**, issued in March 2013. This Governance Review Group has met quarterly with the purpose of reviewing the Council's arrangements in relation to its statutory Annual Governance Statement. During 2015-16, the Group met more frequently (monthly), and during this period the Deputy Leader was offered a briefing at the commencement of each meeting, as the portfolio holder responsible for corporate governance.
- 35 The Governance Review Group has always had a remit to review the Council's governance arrangements to inform the preparation of the Annual Governance Statement, but the extent of its role in the past has been principally focused on the Annual Governance Statement. The remit and approach now taken by this group is broader and more strategic, to ensure a solid foundation of good governance is in place to support and underpin the delivery of the new CP3. However, the Governance Review Group's terms of reference have not been updated to reflect these changes.
- 36 During our Corporate Assessment in March 2016, we identified a supportive relationship between Members and officers, and Members were generally positive about the support they receive from officers. A review of the Annual Report of the Head of Democratic Services for 2013-14 and 2014-15 shows a reduction in full-time equivalent democratic services staff from 13.06 in 2013-14 to 11.76 in 2014-15. In autumn 2015, the Council created the role of Corporate Member Training and Research Officer to provide dedicated support for members learning and development, following reductions arising from the merger of the Member Services Team, and Democratic Services team during 2014-15. The Council encourages Members to be more self-sufficient in the completion of administrative tasks associated with their roles.
- 37 In 2012, the Council introduced optional personal development reviews for Members. In 2012-13, 80 per cent of its Members undertook a personal development review. The percentage of Members undertaking personal development reviews reduced to 43 per cent in 2013-14 and rose slightly to 50 per cent in 2014-15. However, in 2015-16, only two Members requested a personal development review, and at the time of our Corporate Assessment in March 2016, these reviews had not been arranged.
- 38 In February 2016, the Corporate Member Training and Research Officer surveyed 42 out of 44 Members on their training and development needs. The survey identified that 55 per cent (or 23 Members) felt they do not need training or development, and 45 per cent confirmed they did not consider training and development a priority for them.



- 39 The Council does provide generic training for Members, but recognises that more focused training based on individual Member needs would be beneficial. In its February 2016 member survey, the Council asked if there should be a dedicated budget for training and development for each Member, and how much would be a reasonable amount. There was a varied response and at the time of our Corporate Assessment in March 2016, the Council was reviewing the findings with the intention of developing an action plan to address the survey findings.
- 40 The Council has worked with higher education establishments to develop leaders for the future under a Leadership Programme, leading to a Masters qualification in Professional Practice (Public Service Leadership). The two-year programme is open to both Members and employees from across the Council. Two of the Council's Members are currently attending this programme.

## Proposals for Improvement

### Governance

- P3 The Council should:
- work with Members to continue to identify ways in which low attendance at some committees can be improved;
  - work with members to increase the number of personal development reviews completed in order that appropriate programmes of training and support can be identified and provided; and
  - formalise the terms of reference and remit of the Governance Review Group.

## Decision making arrangements across the Council are generally effective and transparent

- 41 The Council documents and reviews all decisions made by its Cabinet by its next full Council meeting, which acts as the Overview and Scrutiny Committee. The decisions and minutes are available on the Council's website. Any decisions delegated to individual Cabinet Members are also available for review on the Council's website, including the decision and supporting reports and papers.
- 42 In our observation of a range of the Council's committees and scrutiny meetings, Members conduct was professional, and constructive challenge and debate was observed.
- 43 In 2015-16, the Council implemented its committee management system, modern.gov, and all its service areas use this system to submit forthcoming decisions for Council and Cabinet to populate its Executive Forward work plan.
- 44 The **Executive forward work plan** is available on the Council's website, and is promoted through the use of social media to make the public aware of forthcoming decisions.

- 45 As part of our fieldwork, we reviewed the Council's decision to allow Blaenau Gwent County Borough Council to join the Shared Resource Service (SRS) partnership, as considered by its Cabinet on 23 February 2016. Members were provided with detailed information to enable them to reach their decision, and the Chief Officer was available to introduce the report and answer questions. However, we found that the supporting SRS risk register associated with this decision was incomplete and did not provide a sufficiently comprehensive and detailed analysis of the risks involved to support Members' decision making. We refer to this matter later in this report as part of our review of the Council's risk management arrangements.
- 46 The Council publishes a community magazine, 'Torfaen Talks', six times a year. This provides community information as well as updating the public on Council business, such as the 2016-17 budget and encouraging foster caring. The Council has also included 'communications' within the three new corporate priorities for its Corporate Plan 3 (CP3) and asked for people to join its People Panel.
- 47 The Torfaen People's Panel is a consultative panel of people living in Torfaen, which aims to give local people a chance to have their say about public services and life in the County Borough. Together, the Health sector, Gwent Police, Torfaen Voluntary Alliance and Torfaen County Borough Council have set up the panel, with the Council managing it for Torfaen's Public Service Board<sup>2</sup>.
- 48 All the Council's active and future consultations can be found on the Council's website, [My Say](#). This provides citizens with an opportunity to reflect their views and highlight what they expect from local public services.

## Scrutiny has become more robust and is being strengthened further to improve effectiveness

- 49 The Council has introduced annual visioning sessions for each scrutiny committee. These sessions are used by scrutiny committees to agree the items to be scrutinised during the forthcoming year, and to enable appropriate prioritisation of issues. The size of scrutiny committee agendas has been reduced significantly to enable sufficient time and focus on the priority items that have been selected for review. Both the Council's officers and Members agreed that the effectiveness of scrutiny committees has improved as a result.
- 50 The Council's Scrutiny Support Officers have worked with Members to improve the quality of discussion and questions at scrutiny meetings through pre-scrutiny member briefings and additional training provision. Consequently, Members have become more confident to challenge and ask good questions, although, the Council recognises that further work is required to improve supplementary questions.

<sup>2</sup> As set out in the Well-being of Future Generations (Wales) Act 2015, local service boards have been succeeded from 1 April 2016, by PSBs. The statutory requirement is for each local authority area to have a PSB, and for this board to undertake an assessment of wellbeing across their area, followed up by the publication of a wellbeing plan.

- 51 Each of the Council's scrutiny committees make recommendations which are then reviewed and responded to by Cabinet. We noted that whilst responses are always provided by Cabinet, on occasion they can lack sufficient impact to fully respond to scrutiny's recommendations and the issues raised.
- 52 The Council has also introduced a workshop style approach to its joint meetings of all its scrutiny committees, where all scrutiny committees come together to help facilitate discussion on issues, improve the quality of challenge by members and, as a result, the overall effectiveness of committees. To date, joint meetings of all scrutiny committees have been held to review the Council's budget and service plans for 2016-17. The Council acknowledges that further progress is required to improve scrutiny arrangements, and it plans to review the effectiveness of its arrangements during 2016-17.
- 53 However, as identified above in paragraph 31, low attendance by some Council Members at its overview and scrutiny committee meetings can impact the overall effectiveness of these scrutiny meetings.

### **The Council's assurance and self-evaluation processes are sound, enabling it to effectively assess its corporate governance framework, and identify where this requires further improvement**

- 54 The Council's Audit Committee is working to improve its effectiveness. It has a new Chair, and for the first time, the Audit Committee's Members have undertaken a self-assessment following Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines. The self-assessment identified where the effectiveness of the Audit Committee could be improved and an action plan to address these areas was agreed by the Audit Committee at its meeting in March 2016.
- 55 The Council's Internal Audit service provides adequate and effective assurance to the Council's management. Internal Audit's risk based annual plan is consulted on with the Council's Chief Officers and Strategic Leadership Team and agreed by the Council's Audit Committee. The Council's Head of Internal Audit conducted a self-assessment of the Council's Internal Audit arrangements against the new Public Sector Internal Audit standards. Whilst the Head of Internal Audit's review identified a small number of improvement actions, no significant areas of non-compliance were identified.
- 56 The Internal Audit annual plan covers all of the Council's key corporate systems. However, there is scope for Internal Audit to undertake a more proactive role in supporting the Council to provide assurances on key strategic issues and Corporate and business plan priorities, particularly as the Council adapts and changes to meet its current and future challenges. The Head of Internal Audit plays a key role in supporting the Council's ongoing assessment of its Corporate Governance framework and attends all of the Council's Governance Review Group meetings to offer challenge and advice to officers on existing arrangements.

- 57 The outcomes of the Estyn monitoring visit in February 2013, and the subsequent work of the Council's Recovery Board in relation to the Council's Education service, gave the Council the opportunity to reflect on its wider arrangements for self-evaluation. Prior to our Corporate Assessment, the Council requested external support through the Welsh Local Government Association (WLGA), to conduct a formal self-evaluation exercise across all of its services to assess its arrangements and performance. The Council's pilot of the new self-evaluation process was completed in the autumn of 2015, and the methodology has been evaluated and updated following the pilot. The Council presented a 'lessons learned' report to Cabinet in December 2015 to summarise this evaluation. The Council intends to repeat an internal self-evaluation exercise on an annual basis.
- 58 Also during 2015-16, the Council commissioned external support to assess and improve its corporate governance arrangements, and to ensure that it had a good governance framework in place as it established its new CP3. As a result of this review, the Council's Senior Leadership Team identified a number of work-streams and actions to address the improvements needed in the Council's governance arrangements. Progress on each of these actions are reported at the Council's Governance Review Group meetings.
- 59 The Council prepares its Annual Governance Statement in a timely way each year, which is reported both to its Governance Review Group and its Audit Committee. The Council's own self-assessment of its internal control and governance framework, through its Annual Governance Statement, has improved over recent years. The Council's Annual Governance Statement concludes that overall, it continues to maintain good systems of internal control and identifies those areas where its arrangements require improvement.
- 60 The Council has sound mechanisms in place to capture and monitor its progress in addressing recommendations from external review. The Council has a comprehensive single action plan in place tracking progress on all recommendations from external regulators. The Council's Head of Business Support and Intelligence updates the action plan for progress made, and these updates are reviewed by the Audit Committee on a six-monthly basis.

## Effective governance and accountability arrangements are in place for those services delivered through Torfaen Leisure Trust

- 61 The Council has supported the establishment of three entities which either deliver external services or provide corporate functions: Torfaen Leisure Trust, Shared Resource Services, and the Educational Achievement Service (EAS). As part of our Corporate Assessment in March 2016, we have reviewed the accountability and governance arrangements in place for Torfaen Leisure Trust.
- 62 The Council has established a performance management framework for Torfaen Leisure Trust, which was reviewed by its Healthier Communities Overview and Scrutiny committee prior to being adopted. This framework includes monthly and quarterly meetings between Council officers and Torfaen Leisure Trust which enables issues to be discussed and escalated as required.
- 63 Performance of the Leisure Trust is monitored against key performance indicators using the Council's performance management system, Ffynnon. The key performance indicators were agreed when the Trust was established, and have evolved as the Trust has developed. Performance against key performance indicators is also discussed at the monthly and quarterly meetings described in [paragraph 62](#). The Council's Members are also able to challenge and assess performance of the Leisure Trust through a specific Annual Member Seminar relating to the Leisure Trust, the most recent of which was held in April 2016.
- 64 The Council recognises that Members' responsibilities are more complex for those Members appointed as a Trustee or Director of the Leisure Trust. Therefore, specialist training has been provided to enable them to understand their role and responsibilities to the external entity and to the Council. In addition, advice and support is available on an ongoing basis from the Council's Monitoring Officer. However, our interviews identified that some members were unclear about the respective roles and responsibilities of those Council Members who were acting in both a trustee capacity on the Council's behalf and as a Councillor.

The Council's approach to financial planning and use of technology is positively supporting improvement, however, its arrangements for managing its workforce, assets and information resources require further development to support its corporate priorities

### The Council has continued to strengthen its financial planning arrangements

- 65 During 2015-16, the Council made good progress in implementing all of the proposals for improvement reported in our 2014-15 Financial Position Assessment, and developed clear links between its Medium Term Financial Plan (MTFP) and its Corporate Plan 2011-16 (CP2).
- 66 CP2 formed the basis of the Council's corporate planning framework and strategic vision, and continued to influence its service delivery decisions and allocation of resources until 2016.
- 67 The Council decided in the latter years of delivering CP2 that it needed to concentrate on a smaller, more tightly defined set of objectives. In order to ensure that the Council continues to deliver a balanced budget and responds to the continued reductions in national funding, it has scaled back its intention to deliver improvements against all of its objectives set out within CP2.
- 68 The Council launched its new Corporate Plan 2016-2021 (CP3) on 1 April 2016, which sets out three priorities for the five-year period 2016-17 to 2020-21. These priorities are:
- a A Clean and green Torfaen
  - b Raising educational attainment
  - c Support for Torfaen's most vulnerable residents
- 69 CP3 represents the Council's political vision for the county borough with the intention of enabling Members to target resources towards the areas that they decided are of the greatest priority with its residents.
- 70 CP3 is now a key part of the Council's overall corporate framework for financial planning that enables the Council to review and challenge its financial performance, and to monitor its spending against budget. At the time of our Corporate Assessment in March 2016, the Council was developing a Council-wide business plan to support the implementation of CP3. The business plan aims to set out the specific activities that the Council plans to undertake, and the levels of service it aims to deliver within the financial resources available to meet the three priorities in CP3.

- 71 For 2016-17, the Council will continue to use its existing service plans for year one of CP3. From 2017-18 onwards, it will produce revised service plans to underpin the business plan once it has been fully developed.
- 72 In addition to CP3 and the related business plan, the Council has developed a savings plan, which is a key element of its financial planning framework. For 2015-16, the Council developed a savings plan of £9.6 million to address its financial gap and deliver a balanced budget for the year. In 2015-16, funding pressures for the Council arose both from a reduction in its Welsh Government funding of £4.3 million, and additional service pressures across the Council of £5.3 million. The additional service pressures included inflation, increases in demand, and the introduction of additional services due to local policy changes agreed by Members. The Council clearly defined and costed all of the 2015-16 savings measures identified for the service areas.
- 73 The Council's Cabinet and Members have challenged and scrutinised the 2015-16 savings plan in detail. The Council's Policy Development Forum<sup>3</sup> met on four occasions between September and November 2014 to review the savings plan in light of the draft Welsh Government settlement position, and considered the expected impact of the savings proposals put forward by its service areas. As part of these considerations, the Council agreed to protect its school funding, as one of the Council's key priority areas and in line with Welsh Government recommendations. Council Members challenged each of the savings proposals on a service-by-service basis as part of a joint meeting of all its scrutiny committees in November 2014, before being formally approved at its full Council meeting in March 2015.
- 74 The Council implemented an improved process to determine its savings plan for 2016-17 and future years. In July 2015, Cabinet agreed the corporate budget guidelines, asking all service areas to develop savings and mitigation proposals based on scenarios of up to 10 per cent funding reductions each year for the period 2016-17 to 2017-18. Social Care was an exception to this, where a two per cent saving was required over this period. The Council's Policy Development Forum considered the first wave of savings proposals for the two-year period 2016-17 to 2017-18 in November 2015. A joint meeting of all the Council's scrutiny committees discussed the savings proposals for 2016-17 and 2017-18 on 18 November 2015, in a facilitated workshop, open to the press and public. The joint - meeting of all the Council's scrutiny committees provided members and co-optees with the opportunity to review the savings proposals for 2016-17 to 2017-18. The Council held a further joint meeting of its scrutiny committees on 30 November, and scrutiny Members made recommendations to the Cabinet to consider as part of the 2016-17 budget, and the Council's MTFP for 2016-17 to 2020-21.

<sup>3</sup> An informal, non decision-making meeting of the Council's Cabinet and Leadership Team to appraise members of emerging strategic issues.



- 75 Cabinet revised service area savings targets for 2016-17 and 2017-18 at its meeting on 1 December 2015. Cabinet decided on its revisions to service area targets because of an improved financial settlement position from the Welsh Government, and a series of agreed corporate savings proposals. These corporate proposals include savings arising from the Council's Administrative and Business Services review, and those arising from the central review of its Minimum Revenue Provision policy. Cabinet set the new savings targets for 2016-17 as two per cent for Neighbourhood service areas that support the CP3 priority of 'clean and green', and 3.5 per cent for all other service areas, except Social Care, which remained at two per cent. For 2017-18, Cabinet also agreed a savings target of 4.5 per cent for the same service areas. As service areas had already identified savings proposals in excess of the revised targets, Cabinet's lower savings targets enabled the Council to assign greater resources to priority areas identified in CP3.
- 76 The Council approved its savings plans for 2016-17 (£5.5 million) and 2017-18 (£4.3 million) at its meeting on 1 March 2016. The Council's development of a detailed savings plan over a two-year period has enabled Members to identify the cost implications and potential savings realisation opportunities from longer-term initiatives.
- 77 At the time of our Corporate Assessment in March 2016, the Council was undertaking a detailed operating review to inform its financial planning arrangements. The Council's operating review, supported initially by PricewaterhouseCoopers, aims to assess its administrative support services. As at May 2016, the operating review was ongoing and had led to the identification of the required savings of £1 million in 2016-17. The Council intends to undertake a number of other work streams to deliver efficiencies and cost reductions following the completion of its operating review.
- 78 The Council has refined, updated and extended its MTFP to cover a five-year period from 2016-17 to 2020-21 to align with CP3. The Council's MTFP identifies the need for a further £12.68 million savings between 2018-19 and 2020-21. An MTFP update report by the Assistant Chief Executive (Resources) to Cabinet on 9 February 2016 stated that the Council intends to re-examine the service pressures and savings targets previously identified but not implemented from the 2016-17 and 2017-18 savings plan exercise to assist them in addressing this future shortfall. This will be supplemented by a further identification of new savings targets arising from the proposals set out in the Council's new business plan for 2017-18, in which the Council will set out those services it plans to reduce or stop in some non-priority areas. The Council has scheduled a meeting of its all-scrutiny committee to review the 2018-19 to 2020-21 proposals in the autumn of 2016.
- 79 The Council also updated and reissued its procurement strategy in early 2016. Whilst this strategy identifies further scope for financial efficiencies through procurement, it does not identify specific savings targets for this, and detailed implementation plans are still to be developed.

## The Council's workforce plan provides a framework for it to manage and utilise its employees, but currently lacks sufficient detail to be fully effective

- 80 The Council's workforce plan was agreed by Cabinet in February 2016 and Full Council in March 2016 and provides the framework within which the Council's staff based activities will be operated and developed.
- 81 The Council recognises in its workforce plan that its workforce needs to be adaptable and flexible, but at the time of our review it was not clear how that will be achieved. The Council acknowledges that it does not yet know what the workforce should look like in 2018. However, the Council is aware that effective workforce planning should support it to identify the optimum levels of staff required to deliver services in the future, and support the future delivery of its MTFP.
- 82 The Council has begun the process of identifying the skills, behaviours and capabilities needed by its workforce to meet its strategic objectives and financial challenges. Its workforce plan, approved by Cabinet in February 2016, includes a high level analysis of the Council's current workforce, but lacks detail on specific supply and demand issues.
- 83 The Council's workforce plan includes actions that need to be addressed during the period 2015-2018, including the development of workforce planning within each main service area. These service workforce plans are required to ensure the workforce issues are fully understood, and appropriate effective action is taken and should be integrated within the service plans. These workforce plans will also enable the Council to be clearer about what its workforce will look like in the future, so that appropriate measures can be taken.
- 84 The Council is developing and improving its training available to staff, and is looking to develop a more structured approach to provide a more comprehensive menu of training and learning opportunities.
- 85 The Council has introduced an online staff performance appraisal system, Worksmart. Officers told us that since the introduction of this online system in 2015, the system has improved the Council's ability to monitor and ensure compliance with its staff appraisal processes. Following the introduction of the Worksmart system, performance appraisal completion rates can now be routinely monitored and followed up with officers. Overall completion rates as at December 2015 were 53.93 per cent, although, over two thirds of the Council's service areas showed completion rates of greater than 70 per cent. The Council recognise that there is scope to increase these further, but that the arrangements for collation and monitoring have improved.

- 86 The Council undertakes an annual staff survey. In 2015, the survey achieved a response rate of 36 per cent, a six per cent increase on the previous year. The survey supported the view that Torfaen is a Council where employees want to work, and that staff expressed positive views on the overall leadership, management and communication across the Council. The survey also showed that managers are considered to value the opinions of their staff.
- 87 However, since the previous survey in 2014, staff felt that fewer steps had been taken to address the matters they had raised, they were less confident the survey results would be acted upon. For example:
- a 80 per cent of staff felt they were under more work pressures compared to the past 12 months, a small increase of one per cent compared to the prior year.
  - b 62 per cent felt that they were consulted about changes, however this was a drop of seven per cent from the prior year.

## Proposals for Improvement

### **Use of Resources – People**

- P4 The Council should:
- ensure detailed workforce plans are developed in accordance with its workforce strategy and integrated within service plans; and
  - develop mechanisms to demonstrate that it is addressing the issues raised in its latest staff survey.

## The Council has updated its strategic asset management plan, but is currently constrained by underdeveloped performance management arrangements and fragmented asset data systems

- 88 The Council has set out a vision for its property asset portfolio and the key outcomes it expects from the better utilisation of its assets by 2019. The Cabinet approved a new Strategic Asset Management Plan in February 2016 followed by Full Council approval in March 2016. Prior to this, the Council's Strategic Asset Management Plan had not been updated since 2009.
- 89 The Council operates a corporate landlord model to manage and maintain its property assets where these are owned corporately and not by any one service area. The Strategic Asset Management Plan identifies that the Council's operating model focuses on four key council locations (Civic Centre, Pontypool Police Station, Pearl House and Tŷ Blaen) to deliver the Council's service support activities, with an additional 48 properties listed as supporting the direct delivery of services. The total annual running cost of these properties is approximately £1.7 million. The Council has a clear assessment of its current asset portfolio and sets out details of its 93 operational assets, 307 investment and other properties, and 11 leased properties.
- 90 The Council's Strategic Asset Management Plan sets out its overarching approach to property asset management, which is largely unchanged from its previous asset management plan. It is unclear whether the Council has taken account of how, and why, the corporate landscape has changed with regards to property asset management since 2009. The Council's Strategic Asset Management Plan does not clearly reflect the assets it expects it will need to deliver its future strategic priorities. At present, its Strategic Asset Management plan does not consider the potential impact of any future reductions in the Council's workforce nor space utilisation arising from the outcomes of the ongoing Administrative and Business Services review.
- 91 The Council's Strategic Asset Management Plan outlines its approach to community asset transfer. Assets are considered assets for transfer where they meet the following clearly defined criteria:
- a properties no longer required for operational requirements which the Council deems inappropriate for market disposal; and
  - b operational service assets where the organisation interested in the transfer of the asset will continue to deliver the service to at least the same standard, and/or augment it with additional compatible services.

- 92 The Council has established an Asset Management officer group to oversee and monitor delivery of the Strategic Asset Management Plan going forward. This officer group will be chaired by the Council's Assistant Chief Executive – Resources. At the time of our Corporate Assessment in March 2016, this officer group had not yet held its inaugural meeting, and the terms of reference and role of the group had not been formally defined.
- 93 Since 2011-12, the Council has reduced its office accommodation as part of an asset rationalisation project. Through the implementation of an Alternative Work Place Strategy and the adoption of a 7:10 desk to staff ratio, utilised office space has reduced from 17,500m<sup>2</sup> to 10,600m<sup>2</sup>. The Council has achieved this through its vacation of the former County Hall and remodelling its utilisation of civic centre office space. Compared to 2011-12 levels, the Council has achieved overall net savings of approximately £250,000 per annum.
- 94 The Council has also sought opportunities to collaborate with other public sector partners in sharing the use of its assets. It has various examples of co-locations across its portfolio. For example; locating Blaenavon library at the World Heritage Centre and locating its customer care team into Cwmbran library.
- 95 The Council owns 293 commercial properties, which generated a gross income in 2014-15 of £1.8 million. Occupation levels of its commercial estate are outperforming market comparators with approximately 90 per cent occupancy levels currently being achieved. However, the Council experiences ongoing challenges with the condition of its investment portfolio, where this has deteriorated over time due to lack of priority investment. The Council's commercial property income is highlighted in the Strategic Asset Management Plan as an important contributor to the Council's financial budget, however, the lack of investment could potentially hinder the Council's ability to maximise its annual returns from its portfolio in the future.
- 96 The Council's performance management arrangements for land and property assets are largely underdeveloped. The Council's property asset information is held on various information databases across the Council, and not in a single system. This limits the opportunity for officers, and Members, to challenge and compare the performance of, or make informed decisions of, individual assets. The Council recognises this issue and informed us that this is a key area for future consideration, but has yet to develop plans on how they may consolidate its asset information. The Council routinely monitors its energy consumption and efficiency of its property asset portfolio, and its Corporate Energy Strategy sets out its approach to reducing its consumption and carbon footprint in line with Welsh Government targets.

- 97 The Council has a programme of inspections to assess property asset condition. Due to the limited Council budget available, risk based condition appraisals are carried out on an annual basis to determine those property assets where maintenance needs to be prioritised to address duty of care considerations. The Council's total estimated backlog repair liability was estimated at £29.2 million as at 31 March 2015.

#### Proposals for Improvement

##### **Use of Resources – Assets:**

- P5 The Council should:
- consolidate its information on the operation and performance of its assets to enable it to strengthen its performance management arrangements; and
  - ensure the Strategic Asset Management Plan clearly articulates its future asset requirements to support the delivery of its strategic priorities.

### **The Council is making good use of digital technology with a clear commissioning strategy for IT which delivers effective services from the Shared Resource Service (SRS)**

- 98 The SRS Partnership Strategy sets out the strategic direction of the SRS for the period 2016-2020. It was developed through a series of engagement sessions with Members, partner organisations, and private sector IT Providers. The Council was a key contributor to the development of the SRS Strategy.
- 99 The SRS Partnership Strategy sets out the intentions of the SRS to deliver a reliable IT infrastructure to Torfaen; to develop a capable, professional workforce through which to support this infrastructure; the identification of opportunities to deliver services collaboratively across partners; and, explicitly, to use IT to support the delivery of the Council's CP3.
- 100 The Council has a three-year commissioning plan that sets out what it requires from the SRS. This is updated annually and agreed by the SRS Public Board, who oversee the operations of the SRS. The commissioning plan is driven by the needs of the Council and sets out what it requires from the SRS to support it over the next three years in delivering its strategic priorities and wider aspirations. In addition to the requirement within the commissioning plan to maintain current levels of service, cut costs, and move towards shared platforms and systems, the SRS has also been tasked with supporting the implementation of 'enabling technologies'.

- 101 The SRS has participated in a benchmarking exercise with the Society of IT Leaders (SOCITM) to compare its performance with a group of public and private bodies. The benchmarking demonstrated that the SRS compares favourably to other public and private sector providers in relation to service response times. The SRS prepares an annual report to its SRS Public Board to set out how it has ensured good value for money for partners and how it performs against each of its key service indicator outcomes. A number of new partners have expressed interest in joining the service during 2016.
- 102 The Council is looking for innovative ways to deliver improvement through the use of technology, and has established some innovative plans through the development of a new digital strategy. This strategy sets out how the Council intends to transform its people, culture, technology and processes to become a digital council. A digital transformation programme is also included in the digital strategy that sets out the activities that have taken place through 2015, and those that will be delivered in 2016 and 2017.
- 103 The digital strategy had not been formally agreed at the time of our review but had been presented to the Leadership Team in March 2016, and has been aligned to the CP3. The Council has also created a new digital manager post, reporting directly to the Head of Strategic and Democratic Services, to oversee and manage the operational delivery of its digital strategy.
- 104 Whilst there is no overarching ICT strategy that sets out the Council's vision and strategic approach, the SRS strategy, its commissioning plan and the digital strategy collectively fulfil this purpose. The Council should consider whether there is merit in developing an overarching summary that brings these three separate documents together to form a clear, holistic approach to the use of IT and digital technology across the Council.
- 105 The Council consulted with citizen groups in developing a new Council mobile phone application (app). This app is enabling an increased number of services and enquiries to be accessed through mobile digital channels. Citizens can also provide real time feedback on their experiences directly through the app. Levels of take-up of the Council app service has been increasing over the past year. However, despite this, the Council is experiencing a significant increase in volumes of calls in its customer contact centre. At the time of our Corporate Assessment in March 2016, the Council was undertaking a root cause analysis to identify the reasons for this.
- 106 The Council now has a multi-channel approach to customer contact. Any form of enquiry, whether through the call centre, mobile phone app services, Facebook, or other digital platform will all come through the same customer care system with progress and feedback also available across all channels.



- 107 The Council undertook a digital confidence survey to assess how confident staff were using the single customer care channel in the workplace. The results of the survey showed a mixture of abilities and experience across different age profiles. The Council wants technology to be led from service areas, and it wants to enable staff to confidently use the single customer care channel to improve services. In response to the survey, the Council delivered a series of digital service design programmes on how to develop content, digital champion training, and understanding data. Internal workshops were run in a campaign, 'digital Torfaen' week, in September 2015.
- 108 The Council has monitoring mechanisms in place to be able to assess the impact of increased use of digital technology for services. For example, the Council introduced to residents a mechanism for reporting fly tipping incidents through the Council's mobile phone app. Council data shows that 52 per cent of service users now use the mobile phone app rather than contacting the call centre to report such incidents.
- 109 Webcasting of a range of Council meetings, including Council, Cabinet and scrutiny committees has been introduced to enable greater public participation and to demonstrate openness and transparency. Council meetings and key decisions are regularly publicised to citizens through its social media channels. Training has been provided to senior officers and Members on the use of social media. This is supported by a clear set of guidelines to staff and Members on social media usage.

### **The Council is in the process of updating and improving its information management and governance arrangements, which are currently out of date**

- 110 The Council is working towards updating a number of its information governance strategies and policies, all of which were in draft at the time of our Corporate Assessment in March 2016. Some of the corporate IT and information governance policies had not previously been updated since 2009, whilst some were reviewed in 2013.
- 111 The Council recognises that additional work is required to improve its information governance arrangements. The Council's draft Annual Governance Statement, issued in May 2016, acknowledges the programme of work required in this area, and the key actions for the coming year. However, the current weaknesses in arrangements are not currently identified in the Council's risk register.
- 112 The Council has appointed a Head of Service, of appropriate seniority, as the Council's Senior Information Risk Officer (SIRO) and a Data Protection and Information Governance Officer to support the SIRO.

- 113 The Council has established an Information Management Group to take forward the activities of the SIRO, and to monitor the effective implementation of the Council's revised policies. In addition, responsibility of the Council's Information Asset Register will be held by an Asset Administrators Group and will support departmental information asset owners to deliver the requirements within information governance.
- 114 The Council's draft 2015-16 Annual Governance Statement, issued in May 2016, provides an up to date position on the extent of the Council's compliance with Data Protection Act requirements. It states 'In 2015-16 up to April 2016, there was one breach under the Data Protection Act and reported to the Information Commissioner's Office (ICO) in March 2016. No formal regulatory action has been taken in respect of this breach, however the Council has had to produce an improvement plan which includes technical and procedural measures to mitigate further instances of such a breach reoccurring. There was another breach under the Data Protection Act in April 2016, which has been investigated and assessed by the SIRO. The breach has been contained, and the SIRO, due to the nature of the breach, has decided that it does not require notification to the Information Commissioner's Office. The party involved has been informed and may independently approach the ICO should they be dissatisfied with the Council's approach.'

## Proposals for Improvement

### **Use of Resources – Information governance**

- P6 The Council should ensure that all information governance policies and procedures are updated and finalised as soon as possible.

The Council is working well with its strategic partners, but some performance management arrangements are not well-enough developed to demonstrate improved outcomes across all partnerships

**The Council has established a clear framework to support partnership working and, whilst collaborative arrangements are generally sound, the extent to which outcomes have been achieved cannot be demonstrated across all partnerships**

- 115 The Council has developed and agreed a collaboration framework to evaluate its strategic partnerships prior to them being established. The Council has used its collaboration framework to evaluate existing partnerships in order to seek assurance that they are delivering their original aims and providing value for money for the Council and its citizens. The Council has identified what partnership arrangements it has and where it is working collaboratively with others.
- 116 The Council and its partners established the Torfaen Local Service Board (LSB) in April 2009 and an Executive Group, which brought together the senior Members and officers of the Council and other partners including Aneurin Bevan Health Board, Gwent Police, Torfaen Voluntary Alliance, and representatives of Welsh Government. The Executive Group is supported by a Tactical Group including other partners from across the County Borough including Registered Social Landlords, the South Wales Fire and Rescue Service, Probation Services, and Community Council representation.
- 117 The LSB's Single Integrated Plan (SIP), Torfaen Together, set out the LSB's strategy for the ten year period 2013-2023. The Council and the LSB developed seven shared outcomes to work towards over the medium to longer term, and three key programmes that required more immediate priority:
- a enabling people to manage the impact of welfare reform;
  - b empowering families with complex needs to achieve their potential; and
  - c helping frail people live happily independent lives.
- 118 All of the LSB partners agreed and signed up to the SIP. However, some of the outcomes in the SIP are high level and more focused on activities and outputs rather than outcomes, which has made measuring their success difficult and less clear of what the collaboration is trying to deliver. The Council recognises this and has been developing ways to demonstrate the impact the LSB made and whether it achieved its outcomes, for example, via the use of case studies. For example, under the areas 'Torfaen has a healthy population with a good quality of life', the majority of outcomes can be measured and reported on. However, for the area 'Frail people in Torfaen are happily independent' we identified that only two of the four outcomes can be monitored and reported on.

- 119 The LSB undertook a review of Torfaen Together and the progress it had made during the first 18 months of its delivery (April 2013 to September 2014). It produced the Torfaen Together First Report, published in March 2015, which includes a summary of progress against each of the shared outcomes. The next Report will be produced in 2016 and cover the period October 2014 to March 2016.
- 120 Relationships across all partners within the LSB have continued to develop well. The LSB provided constructive challenge across partners whilst maintaining mutual understanding of the respective roles and objectives of each partner. However, effective scrutiny arrangements of the LSB's activities were not put in place until late 2015 through the Council's Overview and Scrutiny arrangements.
- 121 As required by the Well-being of Future Generations (Wales) Act 2015, LSBs have been succeeded, from 1 April 2016, by PSBs. The statutory requirement is for each local authority area to have a PSB that will undertake an assessment of wellbeing across their area, followed up by a wellbeing plan. Torfaen's PSB will continue to deliver the Torfaen Together plan and report its progress against the objectives within this, through to May 2018.
- 122 There is a clear commitment from all partners of the PSB to continue to work together effectively, and this has been built upon from the strong relationships that were developed through the LSB. Our interviews with a selection of PSB partners indicated that they are confident that there are no significant cultural barriers that prevent them from working together. Attendance at PSB Board meetings by partners is good, although, there have been changes to the personnel representing the different partners on the PSB. This has caused delay in getting the right people to attend the Board meetings and, therefore, has impacted on the pace in which some of the Board's activities have been delivered.
- 123 The Council has demonstrated other examples of regional cross-sector partnership working to tackle growing community-based needs. For example, the Gwent Frailty Programme has been successful in bringing the five councils in the Gwent region and the local Health Board together to address frailty in a co-ordinated way. The programme has created integrated working and community resource teams to help deliver services that are effective and efficient in supporting frail people in the community. Our recent follow-up review of the Gwent Frailty Programme did however identify that it had not evidenced tangible improved outcomes, and partners were unable to clearly demonstrate the overall achievements of the Programme against its original objectives, both of which are important as partners determine the future of the programme.

## The effectiveness of performance management arrangements across the Council's key partnerships is varied

- 124 Performance management arrangements for the LSB's SIP are underdeveloped, and so performance monitoring and reporting of progress on the plan has not occurred as frequently as originally planned. There was a period of 18 months (April 2013 to September 2014) when performance was not reported to the LSB, due to a lack of support available to them. This has had an impact on the Council's ability to monitor and assess progress, and take action as required.
- 125 Under the seven shared outcomes and priority programmes of the SIP, a number of outcome indicators were developed to measure progress. Detailed report cards were prepared for each outcome indicator to explain the 'causes and forces' affecting Torfaen, and the actions needed to be taken.
- 126 The key partners believe that the outcomes for residents in Torfaen are improving, and that the progress reports indicate a positive position. However, these reports lack a clear summary of performance and identification of the key areas for improvement, which means that citizens are left to reach their own conclusions on the outcomes that have been achieved. The Council has improved its monitoring arrangements by introducing scrutiny and challenge through the Council's Overview and Scrutiny arrangements, and by ensuring progress is reviewed on a more timely basis.
- 127 In the case of education, Estyn identified that the priorities for children and young people were identified clearly in the SIP. However, it concluded that it was not clear how well the implementation of actions against those priorities was strategically evaluated, or how well plans for improvement were developed by the Children and Young People's Partnership.
- 128 The Children and Young People's Partnership was disbanded since its activities were included in the SIP. However, the Council has recognised the need to re-establish a partnership structure to oversee delivery of the PSB's priorities for children and young people, and so established the Children and Young People Improvement Board (CYPIB). The CYPIB has clear and suitable terms of reference, and there is an agreed partnership framework which includes an appropriate range of outcome indicators for each of the seven core aims. Partners make good use of a helpful outcome monitoring tool to identify where performance is below expectations, and plan improvements as necessary.
- 129 The establishment of the CYPIB has resulted in a positive outcome of collaborative working as the Council's education services was removed from special measures in early 2016. The CYPIB will continue to meet with the focus on continuing the improvements in education.

130 In relation to other partnership arrangements, there is wider evidence that performance management arrangements could be improved. For example, our recent follow up review of the Gwent Frailty Programme concluded that the programme was not able to demonstrate achievements against planned expectations because of a lack of robust performance management arrangements. Some partners found it difficult to develop adequate measures which would enable stakeholders to determine if the objectives of the Programme were being delivered. Partners are now developing a more robust outcome framework in anticipation of the Programme continuing and the need to demonstrate outcomes from further investment.

### Proposals for Improvement

#### **Working in Partnership:**

P7 The Council should:

- ensure it supports the Public Service Board to develop clear outcome measures and regular performance reporting to enable it and the Council to demonstrate improved outcomes; and
- ensure that performance management and reporting arrangements across the Council's key partnerships, including the Public Service Board, are: clear and consistent; demonstrate whether the intended outcomes are being achieved; demonstrate return on investment; and enable partners to be held to account on performance where appropriate, including through scrutiny arrangements.

The Council is demonstrating improvements in the majority of its key services and improvement planning, and is continuing to strengthen and embed its performance management arrangements

**The Council continues to strengthen its improvement planning arrangements, and this is supported by effective Member challenge**

- 131 The Council has a sound approach to service planning. It has provided clear service planning guidance to describe the links between its SIP, Corporate Plan, service plans, team plans, and individual performance plans. The Council has provided a clear template to all service areas to develop their current service plans, including details of activities, outputs, timescales, and sources of funding. The current service plans also set out measures of success for each high level action that the Council uses to demonstrate the impact that planned service activities will deliver for citizens.
- 132 The Council's existing service planning arrangements will act as the delivery vehicle for the first year of CP3 until the Council wide detailed business plan is agreed. The Council plans to update its service plans to reflect the new CP3 and related Council-wide business plan during 2016-17, ready for implementation later in the year. The Council will need to review its service planning arrangements to ensure that they remain fit for purpose to deliver the new CP3 and business plan.
- 133 In 2015, the Council failed to meet its responsibilities under the Local Government Measure by not publishing its 2015-16 Improvement Plan within a reasonable timeframe after the start of the financial year to which it related. For 2016, this has been addressed, and the Council's 2016-17 Improvement Plan was agreed at its April 2016 Cabinet meeting and was published later that month. The Council's latest Improvement Plan is aligned to its new CP3 priorities.
- 134 The Council has worked well with its Members to strengthen their role in owning and leading performance improvement. A joint meeting of the Council's overview and scrutiny committees was held in February 2016 to challenge and recommend service plan activities and measures to Service Chief Officers across all service areas. Our observations at this meeting showed good evidence of cross party member challenge, and a number of recommendations were identified where the Council's 2016-17 service plan measures could be improved. We understand that the Council intends to continue with this member engagement and challenge process on an annual basis.



- 135 In our most recent report on the audit of the Council's assessment of performance, issued January 2016, we concluded that the Council had discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and had acted in accordance with Welsh Government guidance sufficiently to discharge its duties. We did highlight, however, that target setting continued to be an area for improvement for the Council. The Council should ensure that targets are developed for all its performance measures, and are sufficiently stretching yet realistic.
- 136 The Council's service plan activities and measures, and targets for these measures, were subject to robust challenge by Members at its March 2016 meeting of all scrutiny committees. This has resulted in some amendments to targets recorded by Service Chief Officers in their 2016-17 service plans, and the Council has now ensured that any demand led measures in service areas now have appropriate targets assigned to them.
- 137 During the course of our assessment of performance work, which was issued to the Council in January 2016, we also highlighted that the Council should consider how it defines an improvement objective as fully successful within its Annual Performance report, and how the Council articulates its performance against targets set. We found that the Council defined an improvement objective as fully successful if it has achieved 75 per cent of its reported measures against targets. We concluded that it was difficult to understand how achieving less than 100 per cent of reported measures could justify a judgement of fully successful.
- 138 The Council's Annual Performance Report 2014-15 also defined an improvement objective as partly successful where 50 per cent of the reported targets have been achieved, and any less than 50 per cent of targets being achieved are deemed to be unsuccessful. However, the data reported on page 31 of the Council's Annual Performance Report was inconsistent with the Council's definition of whether a target was successful or unsuccessful.
- 139 The Council has acknowledged the weaknesses in its 2014-15 Annual Performance Report, and is revising its approach for its 2015-16 Annual Performance Report.

## The Council continues to enhance its internal performance management arrangements

- 140 The Council's performance management processes are now more robust and better aligned at its corporate, service, team, and individual staff levels. Work to embed both its individual performance reviews and corporate performance assessment sessions in the Council's corporate governance structure is progressing well. The Council's arrangements for individual performance reviews ensure that every member of staff has a better understanding of their role and responsibilities in relation to the Council's priorities, by ensuring their objectives are linked to service plan and corporate priorities. However, whilst the arrangements for completion of staff Worksmart reviews are developing, there continues to be further scope for improvement.
- 141 The Council's performance management culture has changed following Estyn placing its education service into special measures in 2013. The Council has learnt from this experience and recognises the importance of ensuring corporate responsibility, ownership and accountability for managing its performance as opposed to just within individual service areas. The Council prides itself on being a learning organisation, and one that is more receptive to assessment and challenge, and in being more realistic and self-aware about how it is performing, and where it needs to improve. Our review identified that the culture of being a learning organisation is embedded throughout the Council.
- 142 The Council's corporate performance assessment sessions are held quarterly and allow Cabinet Members to question and challenge accountable officers and Executive Portfolio holders constructively to justify underperforming areas and identify potential risk. The sessions result in a greater understanding amongst Members and officers of the key issues facing the Council, and of collective ownership across the Cabinet, senior leadership and officers of what needs to be done to address areas of concern.
- 143 In our view, the quality of the Council's corporate performance assessment meetings has improved, and they are now much more focussed on the areas that are being reviewed, by targeting areas where greatest improvement is needed. Officers and Members also shared this view during the interviews, and highlighted that the corporate performance assessment process was now a more corporate and cross cutting approach to reviewing and challenging performance, as opposed to reviewing individual services in silos.
- 144 With specific reference to education outcomes, Estyn commented that the Council has worked well with its recovery board to bring about significant change in performance management. As a result of recent restructuring at corporate and service level, the Council has greater capacity to manage education services. Relationships with schools have improved, and the level of trust now enables mutual challenge.

- 145 Many of the Council's officers and Members told us how the Council's performance culture has significantly improved since it was placed into special measures by Estyn in 2013. Our interviews with Members and officers highlighted how the Council's self-evaluation arrangements have improved, and challenge of underperformance is more robust. Members and officers were of the view that the impact of Estyn special measures has been a catalyst for the Council's cultural change, having a positive impact on its performance management arrangements within Education and its other service areas.
- 146 The Council's data quality arrangements have improved with good progress reported against the statutory recommendation issued in 2014, requiring the Council to act upon the findings of the 2013 Wales Audit Office review of Data Quality. The Council's Internal Audit service undertakes a regular programme of data quality reviews across a number of the Council's performance indicators, and report its findings to the Council's Strategic Leadership Team.
- 147 The Council's Performance Management system, Ffynnon, has been made accessible to all Members of the Council, although, the level of take-up is varied. Whilst Members are reasonably well informed, our interviews highlighted that the understanding of the Council's performance by non-executive Members could be enhanced.

### **The Council has an appropriate framework for managing risks, but arrangements are not always working effectively**

- 148 The Council updated its risk management policy in 2015, including a new risk matrix and a new pro-forma for its chief officers to complete when identifying risks. Whilst the Council has not offered formal training to officers on the new risk management arrangements, a member of the Council's corporate performance team met with all its chief officers on a one-to-one basis during summer 2015 to explain the new risk management policy and arrangements.
- 149 The Council has established a risk management group with the Assistant Chief Executive – Resources as Chair. All risks identified through the Council's team plans and service plans are first reviewed by this Strategic Risk Management Group. The Council's Strategic Risk Management Group provides feedback to service areas on new service risks and proposed changes in risk categorisation. The Group also reports to the council's Strategic Leadership Team on a quarterly basis throughout the year on issues relating to the risk register and the operation of the risk management framework. The Council's Strategic and Risk Management Group also submits annual update reports to Cabinet and the Council's Audit Committee in relation to the risk management framework.

- 150 The Council's performance management system, Ffynnon, is now used to capture, report, and monitor risks, therefore improving visibility of the risk register both across service areas and corporately. This should ensure risks are documented in a consistent format, and are monitored as part of existing service planning and performance management arrangements.
- 151 Risk management is incorporated into the Council's decision making processes. A consideration of risks is incorporated into committee report templates. However, the rigour with which risks are considered in these reports can vary. For example, as part of our assessment, we reviewed the decision to allow Blaenau Gwent County Borough Council to join the SRS. We concluded that the risk identification and mitigating actions were not as robust as we would expect for such a significant matter, and the accompanying risk register to this decision was incomplete.

#### Proposals for Improvement

##### **Risk Management:**

- P8 The Council should apply a consistent and robust approach to risk identification and management across all services and for all key decisions.

## The Council recognises that its performance across some of its key services and corporate priorities could be better

- 152 The Council's performance in 2014-15 showed that the Council performed better in 41 per cent of the National Strategic Indicators and the Public Accountability Measures<sup>4</sup>, compared to its performance in 2013-14. The Council's performance deteriorated in 52 per cent of the indicators, and stayed the same for seven per cent of the indicators. The Council was amongst the better performing Welsh councils for 31 per cent of the indicators, and amongst the poorer performing councils for 31 per cent of the indicators. The Council reported in its latest Annual Performance Report that its overall performance relative to other councils in Wales declined for 2014-15, with the number of indicators with top quartile performance reducing from 15 to 13, and the number of indicators in the bottom quartile increasing from seven to fourteen compared to 2013-14.
- 153 In February 2016, the Council's internal performance information for 2015-16 showed the following position as at December 2015, for each of its services' key tracking measures compared to its performance in 2014-15. This shows 28 out of 76 (37 per cent) of the Council's service 'key tracking' measures have either been maintained or improved compared to the previous year. This information is set out in [Table 1](#) below.

<sup>4</sup> Data Unit Wales. Welsh councils are required to report on a number of Performance Indicators each year. There are two types of indicator – National Strategic Indicators set by the Welsh Government, and Public Accountability Measures set by local government.

Table 1 – Summary of change in performance in Council ‘Key Tracking’ measures from 2014-15 to 2015-16 by service areas

Service area	Total	Improved	Constant	Deteriorated	N/A
Education	14	0	3	9	2
Neighbourhoods	8	5	1	2	0
Social Care and Housing	12	5	0	4	3
Planning and PP	6	3	1	2	0
Resources	6	3	0	1	2
Communities	14	5	0	0	9
Chief Executives	7	1	0	2	4
PSSU	9	1	0	1	7
<b>Total</b>	<b>76</b>	<b>23</b>	<b>5</b>	<b>21</b>	<b>27</b>

Source: February 2016 Corporate Performance Assessment report

- 154 The Care and Social Services Inspectorate for Wales (CSSIW) published its annual review and evaluation of each Council’s performance 2014-15 in October 2015. It concluded that the Council had continued to work towards a change agenda and the development of new models of service delivery, in line with the expectations of the Social Services and Wellbeing (Wales) Act 2014 (SSWB Act). This had been within the context of significant financial challenge as well as increasing demand. CSSIW reported that in adult services, performance had deteriorated in relation to delayed transfers of care and reviews of care plans. While fewer people were eligible for Council services, those that did receive support had more complex needs which increased demand and pressure on resources because of the increased numbers of reviews required. The need to build community resilience and resources that can support people earlier is recognised, and while this work is being taken forward, the pace of change needs to increase.
- 155 CSSIW also reported that in children’s services, performance in relation to initial assessments and statutory visits for looked after children were weaker than other comparable local authorities, and the all-Wales average. In contrast to this, there had been improved performance in initial child protection conferences and looked after children reviews.

- 156 CSSIW found that the Council collaborated well with partners to deliver better outcomes in the most efficient and effective ways. In adult services, partnership arrangements were well established with Aneurin Bevan University Health Board delivering frailty services. Work with the third sector was also developing further via the Torfaen Voluntary Alliance, although, this will need to progress further and be strengthened in order to meet the requirements of the SSWB Act. The South East Wales Adoption Service is an example of collaborative working with neighbouring local authorities in Gwent. Although work is progressing, sometimes this needs to develop at a faster pace with renewed energy and clear objectives.
- 157 The Council's performance in the children's social care indicators improved in four of the eleven NSI performance indicators in 2014-15 from its reported performance in 2013-14, remained the same in two indicators and declined in the remaining five indicators. Its relative performance when compared to other Welsh councils, shows that in 2014-15 Torfaen was ranked at the Welsh average, or above for seven of the eleven indicators, and below the Welsh average for the remaining four indicators in 2014-15.
- 158 In relation to education services, Estyn concluded in January 2016 that the Council had made sufficient progress in relation to the recommendations following the inspection in 2011 and the full monitoring visit in 2013. As a result, Her Majesty's Chief Inspector of Education and Training in Wales considered that the Council no longer required special measures and has removed it from further follow-up activity.
- 159 Estyn commented that since the last full monitoring visit in February 2013, the Council had consistently improved outcomes for its pupils at key stage 4. The rate of improvement in Torfaen has been faster than the rate of improvement across Wales in all the main headline indicators, although, this has been from a very low base. The Welsh Government sets benchmarks for a council's performance in key stages 3 and 4 based on free-school-meal entitlement. The Council failed to meet any of its three benchmarked targets in 2015, having met one of its targets in both 2014 and 2013.
- 160 The Council improved its performance in six of the eleven NSI education measures in 2014-15. Its performance stayed at maximum 100 per cent performance for two of the eleven education measures, and declined in the remaining three education measures in 2014-15. When compared to other Welsh councils, the Council's performance against the education measures was below average in six of the eleven indicators, and average or above in five. The Council was ranked first out of the 22 Welsh councils in three of the education measures.

# Appendix 1 – Status of this report

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

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

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

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

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



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