

Merthyr Tydfil County Borough Council

Annual Audit Summary 2024

Date Published: June 2025

This is our audit summary for Merthyr Tydfil County Borough Council. It shows the work completed since the last Annual Audit Summary, which was issued in March 2024. Our audit summary forms part of the Auditor General for Wales' duties.



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

Overall findings

Over the last 12 to 18 months, we have issued a series of reports to the Council raising concerns about aspects of the Council's arrangements including financial planning, performance management and governance. Given significant staffing changes, the Council has also had recent difficulties in meeting requirements relating to its Statement of Accounts.

In 2019, we wrote to the Council raising concerns about its financial position, service pressures, leadership, governance and capacity. The Council proactively requested support from the Welsh Government, and an Improvement Board and support package were put in place. This ended in 2022. At that time, we and the Improvement Board were reassured by the Council's progress to address the concerns we had previously identified but noted that there was still much work to be done to ensure that changes were embedded and momentum maintained.

However, the findings from our work over the last 12 to 18 months have identified similar weaknesses in arrangements, raising general concerns over the Council's arrangements to secure economy, efficiency and effectiveness in the use of its resources.

We recognise that the Council has recently increased its capacity at a senior management level and there have also been recent appointments to the Council's Finance team (including a Section 151 Officer and a Head of Finance). Additionally, the Council has confirmed to us that it is taking steps to address the concerns raised in our recent reports. It is important going forward that the Council, both officers and councillors, collectively demonstrate the impact of the Council's actions to strengthen its arrangements.

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 30 councillors who represent the following political parties:

- Labour 14
- Independent Group 11
- Independent 3
- Dowlais and Pant Community Independents 2

The Council spent £153 million on providing services¹ during 2023-24².

As at 31 March 2024, the Council had £33 million of useable financial reserves³. This is equivalent to 22% of the Council's annual spending on services⁴.

Merthyr Tydfil County Borough Council has 22% of the most-deprived 10% of areas in Wales, this is the second highest of the 22 unitary councils in Wales⁵.

Merthyr Tydfil County Borough Council's population is projected to increase by 4% between 2024 and 2043 from 61,200 to 63,500, including a predicted 3% decrease in the number of children, a 1% increase in the number of the working-age population and a 20% increase in the number of people aged 65 and over⁶.

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

² Source: 2023-24 Statement of Accounts

³ We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

⁴ Source: 2023-24 Statement of Accounts

⁵ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

⁶ Source: [Stats Wales, Population Projections](#)

The Auditor General's duties

We completed work during 2023-24 to meet the following duties

- **Audit of Accounts**

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

- **Value for money**

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

- **Sustainable development principle**

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

What we found

Audit of Merthyr Tydfil County Borough Council's 2023-24 Accounts



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

Each year, we audit the Council's financial statements.

For 2023-24:

- the draft statements were presented for audit on 13 November 2024. This was after the deadline of 30 June 2024 set by the Welsh Government.
- the quality of the draft statements presented for audit was poor in some areas, due to the significant turnover in finance staff during the year, the impact of which we reported as a significant issue within our Audit of Financial Statements report.
- the Auditor General gave an unqualified true and fair opinion on the Authority's financial statements on 12 June 2025, after the deadline agreed with the Welsh Government of 30 November 2024.
- the Authority's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.
- a number of changes were made to the Authority's financial statements arising from our audit work, which were reported to the Governance and Audit Committee and Council in our Audit of Financial Statements Report in June 2025.
- in addition to the Auditor General's responsibilities for auditing the Authority's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work did not identify any significant issues.
- the Auditor General issued the certificate confirming that the audit of accounts for 2023-24 has been completed.

Assurance and risk assessment review

We reviewed the arrangements the Council has put in place to secure value for money in the use of its resources in line with the Auditor General's duties. Our assessment is also used to inform our work planning for future years.

Financial Sustainability

During 2024, we reviewed the Council's financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term. We found that there are significant risks to the Council's financial sustainability as it does not currently have a plan to address its medium-term funding gap and does not have a long-term approach to improve its financial sustainability.

Commissioning Arrangements

During 2024, we reviewed how councils' arrangements for commissioning apply value for money considerations and the sustainable development principle. We found that the Council has arrangements to support the commissioning of services, but there is a lack of corporate oversight and evaluation which limits the Council's assurance on whether it is securing value for money from its commissioned services.

Review of Performance Management Arrangements

During 2024, we reviewed the Council's performance management arrangements, which looked at how arrangements support corporate objectives, how the Council monitors those arrangements and how they monitor their effectiveness. We found that there are significant weaknesses in the Council's performance management arrangements. This is concerning as we previously recommended the Council strengthen its arrangements.

Review of the Planning Service

During 2024, we reviewed the Council's Planning Service to determine whether proper arrangements were in place to deliver value for money in its use of resources. We found that there are weaknesses in the oversight and governance of the Planning Service and as a result, there is a lack of awareness of how the service supports the delivery of the Council's objectives.

National reports and products published in 2024

As well as local work at each council, each year, we also carry out studies across the local government sector to make recommendations for improving value for money. We published the following reports in 2024 which may be useful to the Council, and can be found on our website.

Report title	Publication date and link to report
Local Government Financial Sustainability	December 2024
Local Government Financial Sustainability Data tool update now includes data from the draft 2023-24 accounts	December 2024
National Fraud Initiative in Wales 2022-23	October 2024
Active travel (report and data tool)	September 2024
Governance of Fire and Rescue Authorities	September 2024
Affordable housing	September 2024
Digital by design? – Lessons from our digital strategy review across councils in Wales	August 2024
Councils' use of performance information: service user perspective and outcomes – A summary of findings from our review at Welsh councils	July 2024
Governance of National Park Authorities	April 2024
Supporting Ukrainians in Wales	March 2024
From firefighting to future-proofing – the challenge for Welsh public services	February 2024
Planning for sustainable development – Brownfield regeneration	January 2024

Planned work for 2024-25

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

Our planned work for 2024-25 includes:

- Assurance and risk assessment
- Review of the Planning service – this has been completed
- Review of Counter Fraud arrangements

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

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

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

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

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

This document is also available in Welsh.