



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report 2015-16

## Monmouthshire County Council

Issued: August 2016

Document reference: 451A2016



This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Non Jenkins, Dave Wilson and Allison Rees under the direction of Alan Morris.

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

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

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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# Summary report

## About this report

- 1 This Annual Improvement Report (AIR) summarises the audit work undertaken by the staff of the Wales Audit Office on behalf of the Auditor General at Monmouthshire County Council (the Council) since the last such report was published in November 2015. This report also includes a summary of the key findings from reports issued by relevant regulators, namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner (the Commissioner). Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 2 Taking into consideration the work carried out during 2015-16, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2016-17.
- 3 This statement should not be seen as a definitive diagnosis 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.
- 4 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.

## 2015-16 performance audit work

- 5 The work carried out since the last AIR, including that of the 'relevant regulators', is set out below.

Project name	Brief description
Wales Audit Office Annual 'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives in line with the requirements of the Measure.
Wales Audit Office Annual 'Assessment of Performance' Audit	Review of the Council's published performance assessment in line with the Measure, including testing and validation of performance information.
Wales Audit Office: Performance Management	Corporate Assessment follow-on review including testing and validation of performance information.
Estyn: Monitoring visit	Monitoring visit to assess the Council's progress against the six recommendations made following its inspection in November 2012.
Estyn: Evaluation of schools performance	A review of performance across a range of areas within schools in the Council.
CSSIW: Annual Review and Evaluation of Performance	An evaluation of the Council's performance in delivering its social services functions.
Welsh Language Commissioner	The Welsh Language Commissioner's response to the Council's 2014-15 Annual Monitoring Report.
Wales Audit Office Financial Resilience Assessment	Review of the Council's financial position and how it is budgeting and delivering on required savings.
Wales Audit Office: Governance	Corporate Assessment follow-on review.
Wales Audit Office: Gwent Frailty Programme	A review of the Gwent Frailty Programme to assess whether the Programme had delivered improvements in line with individual organisations' expectations.

Project name	Brief description
National reports	<ul style="list-style-type: none"> <li>• Community Safety Partnerships (to be published)</li> <li>• Income generation and charging (to be published)</li> <li>• Council funding of third-sector services (to be published)</li> <li>• The financial resilience of councils in Wales (published 2 April 2015)</li> <li>• Achieving improvement in support to schools through regional education consortia – an early review (published 3 June 2015)</li> <li>• Review of Corporate Safeguarding arrangements in Welsh Councils (published 21 July 2015)</li> <li>• Supporting the Independence of Older people: Are Councils Doing Enough? (published 15 October 2015)</li> <li>• Delivering Less – Leisure Services (published 3 December 2015)</li> </ul>

**Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council will comply with the requirements of the measure during 2016-17 provided it continues to maintain the current pace of improvement**

6 The Auditor General has reached this conclusion because:

- The Council has continued to improve its performance management arrangements and recognises that it has more to do to ensure consistent application of corporate arrangements, and to address the requirements of the Well-being of Future Generations (Wales) Act 2015.
- Estyn judged that the Council had made strong progress in addressing two of the six recommendations arising from the inspection of November 2012, and satisfactory progress in addressing the other four. As a result, Estyn considers that the authority is no longer in need of special measures and is removing it from further follow-up activity.
- CSSIW reported that the Council made good progress with a transformation in practice agenda and was well placed to meet the requirements as set out in the Social Services and Wellbeing (Wales) Act (SSWBW Act).

- The Council had generally effective financial governance, but its financial planning and control arrangements were not fully embedded or delivering effectively, in the face of some significant financial challenges.
- The Council made progress in improving its governance arrangements, although, more work was needed to strengthen the transparency of decision making and recording.
- The Gwent Frailty Programme had demonstrated positive regional cross-sector partnership working to tackle growing community-based needs, but it had not evidenced tangible improved outcomes, which would be important as partners determine the future of the programme.

## Recommendations

- 7 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- make proposals for improvement – if proposals are made to the Council we would expect it to do something about them and we will follow up what happens;
  - make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
  - conduct a special inspection, and publish a report and make recommendations; and
  - recommend to Ministers of the Welsh Government that they intervene in some way.
- 8 During the course of the year, the Auditor General did not make any formal recommendations. However, lower-priority issues, known as proposals for improvement, are contained in our other reports but may be referred to later on in this report. We will continue to monitor proposals for improvement during the course of our improvement assessment work. He does, however, make recommendations that may be relevant to the Council in his Local Government National Reports. A list of recommendations contained in reports issued in 2015-16 can be found in [Appendix 5](#).
- 9 Areas for Improvement (AFI) made by CSSIW during the course of the year are set out below.

**AFI1**

- The pace of change in rolling out the Raglan Project and the My Day – My Life project to other community hubs identified throughout Monmouthshire.
- The council should ensure that the deprivation of liberties team and the Mental Capacity Act is fully embedded in everyday practice within assessment and care management.
- Data recording in relation to carers support from the council needs to be reviewed so as to ensure that carers are being appropriately supported.

**AFI2**

- The increase in the level of children on the child protection register requires a better understanding of whether threshold levels are accurate.
- Progress work to improve transitions for children with disabilities to adult services.
- Take forward post inspection implementation plan.

**AFI3**

- Consider how children continue to be safeguarded in light of financial pressures faced by the council.



# Detailed report



# Performance

## Audit of Monmouthshire County Council's 2015-16 Improvement Plan

- 10 On 16 June 2015, we issued a certificate confirming that the Council had discharged its duties under section 15(6) to (9) of the Local Government (Wales) Measure 2009 (the Measure) and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties. The certificate is contained in [Appendix 3](#).

## Certificate of compliance for the Audit of Monmouthshire County Council's assessment of 2014-15 performance

- 11 On 13 November 2015, we issued a certificate of Compliance for the audit of the Council's assessment of 2014-15 performance. The certificate confirms that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure. Our certificate is contained in [Appendix 4](#).

## The Council has continued to improve its performance management arrangements and recognises that it has more to do to ensure consistent application of corporate arrangements and to address the requirements of the Well-being of Future Generations (Wales) Act 2015

- 12 In March 2015, we carried out a Corporate Assessment at the Council. In respect of performance management, we concluded that whilst systems, procedures, and guidance were in place, the Council was not consistently managing performance, improvement and risks.
- 13 In January 2016, we reviewed the Council's progress in improving its performance management arrangements, including effectively addressing issues raised in the 2015 Corporate Assessment around performance management. We concluded that the Council had continued to improve its performance management arrangements, and recognised that it has more to do to ensure consistent application of corporate arrangements and to address the requirements of the Well-being of Future Generations (Wales) Act 2015.
- 14 We came to this conclusion because:
- the Council continued to improve the way it managed performance, although, implementation of corporate arrangements was still not consistent and its arrangements need further development to incorporate the requirements of the Well-being of Future Generations (Wales) Act 2015;
  - the Council continued to improve the way it manages the performance of its partnership working, but areas for improvement remain in how it measures outcomes and identifies resources needed to deliver improvements; and
  - although the Council had taken action to improve the accuracy and quality of its performance data, those actions have not yet been fully effective.

Estyn has judged that Monmouthshire County Council has made strong progress in addressing two of the six recommendations arising from the inspection of November 2012, and satisfactory progress in addressing the other four. As a result, Estyn considers that the authority is no longer in need of special measures and is removing it from further follow-up activity

- 15 In November 2015, Estyn undertook a monitoring visit to assess the Council's progress against the six recommendations made following its inspection in November 2012. In January 2016, Estyn published the **outcome** of the monitoring visit on its website.

### Estyn's evaluation of school performance

- 16 The proportion of pupils eligible for free school meals in Monmouthshire is the second lowest in Wales. This is taken into account when evaluating the performance in the authority. When the performance of schools in Monmouthshire is compared with that of similar schools in Wales in 2015, based on the proportion of pupils eligible for free school meals, performance is above average for the Foundation Phase indicator and for the core subject indicator in key stages 2 and 3.
- 17 At key stage 4, the proportion of pupils achieving the level 2 threshold including English or Welsh first language and mathematics has exceeded the Welsh Government's benchmark for performance for each of the last two years, having been below the benchmark in the previous three years. However, the proportion of pupils achieving the average wider capped points score in the authority has remained below the Welsh Government benchmark for the last five years. More able pupils do not perform well enough at key stage 4, with too few pupils achieving five or more A\* to A grades at GCSE or equivalent.
- 18 The performance of pupils eligible for free school meals at key stage 4 has improved substantially over time, and is now well above the Wales average for most of the main indicators.
- 19 Attendance in primary and secondary schools has been amongst the best in Wales for several years. However, the rate of exclusions of five days or less from schools has consistently been much higher than in similar authorities.

CSSIW reported that the Council made good progress with a transformation in practice agenda, and was well placed to meet the requirements as set out in the SSWBW Act

- 20 CSSIW published its **Annual Review and Evaluation of Performance 2014-15** in October 2015.
- 21 CSSIW concluded that the Council made good progress with a transformation in practice agenda, and was well placed to meet the requirements as set out in the SSWBW Act. The Council concentrated on moving forward an ambitious agenda in adults' services. There had been more difficulties in children's services where the department had been working hard to deliver on the post inspection action plan. This was developed to address the recommendations in the inspection undertaken by CSSIW into children's services in November 2014, where a number of areas of weakness were found. The action plan also identified the areas for improvement set out in last year's Annual Council Reporting Framework.
- 22 CSSIW concluded that progress had been made in a number of areas to date. In particular, the Council made improvements around statutory visits to looked after children and the timeliness of reviews for children in need, as well as recruitment to permanent posts. However, there is still a journey of improvement that children's services will need to continue over the next year.
- 23 CSSIW concluded that the Council worked well with partners across both adult and children's services to deliver better outcomes in the most efficient and effective ways. In adult services, partnership arrangements with Aneurin Bevan University Health Board (ABUHB) were mature at both strategic and operational levels. However, although work progressed, sometimes this needed to develop at a faster pace with renewed energy and clear objectives. The mental health integration work around the Listen Engage Act Participate project across the whole Council is an example of this.
- 24 CSSIW concluded that performance in adult services improved further in a number of key areas, in particular in relation to delayed transfers of care which decreased. Ongoing progress in reablement services was evident and was working effectively in the hubs where they had been implemented. However, whilst headway had been made, the pace of change to roll out services overall more systematically across the whole Council needed to increase in order to recalibrate services in an appropriate and timely way.

- 25 CSSIW concluded that there was significant support corporately and from members who had a good understanding of the challenges facing social care. This was evidenced by the protection of budgets in Social Services in 2014-15, and the agreement reached for additional funding of £1.2 million in children's services in order to deliver its statutory functions and safeguard children effectively. However, this will become more difficult in the future when there is a need to make significant savings across all services within the Council.
- 26 CSSIW concluded that the Council acknowledged that whilst its citizens have high expectations of public services, in the future, services will need to be provided in a different way, and not necessarily by the Council. Greater emphasis will be placed on support being provided through community networks and localised support.

### Welsh Language Commissioner's evaluation of Monmouthshire County Council's performance

- 27 The role of the Commissioner was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 28 The Commissioner works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every council is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required.
- 29 The Commissioner's formal response and letters issued to the Council during the year are available on the [Commissioner's website](#).

# Use of resources

## Audit of the Council's accounts

30 On 29 September 2015, the Auditor General issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor, and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. The Annual Audit Letter can be found in [Appendix 2](#) of this report.

## The Council had generally effective financial governance, but its financial planning and control arrangements were not fully embedded or delivering effectively in the face of some significant financial challenges

31 In April 2015, we published a national report on **The financial resilience of councils in Wales**. This report was based on fieldwork carried out in all Welsh local councils.

32 Given the continuing pressures on funding for councils in Wales, we considered whether the Council had appropriate arrangements to plan, secure, and maintain its financial resilience in the medium term (typically three to five years ahead). We undertook a review during the period from May to December 2015, and followed up issues highlighted in our 2014-15 financial resilience work. The focus of this review was on the delivery of 2014-15 savings plans, and the 2015-16 financial planning period.

33 Overall, we concluded that the Council had generally effective financial governance, but its financial planning and control arrangements were not fully embedded or delivering effectively in the face of some significant financial challenges. We came to this conclusion based on our findings in relation to financial planning, financial control, and financial governance arrangements:

- the Council's financial planning arrangements continued to improve, although, the medium-term financial plan was not fully balanced, some budget mandates did not define how savings would be achieved, and some planned savings were unlikely to deliver;
- the Council established financial control arrangements, but the Council was uncertain whether it would remain within its 2015-16 revenue budget due to pressures in Social Services and non-delivery of parts of the savings plan; and
- the Council had generally effective financial governance arrangements in place.

34 We issued the [financial resilience assessment](#) to the Council in February 2016 and it was presented to the Audit Committee in June 2016.

# Governance

The Council made progress in improving its governance arrangements, although, more work was needed to strengthen the transparency of decision making and recording

- 35 In March 2015, we carried out a Corporate Assessment at the Council. We concluded that a culture of mutual respect and trust existed between councillors and officers, leading to productive working relationships. Although, there were examples of decision making that could have been more robust, informed and subject to effective challenge.
- 36 In February 2016, we reviewed the Council's progress and we concluded that the Council made progress in improving its governance arrangements, although, more work was needed to strengthen the transparency of decision making and recording.
- 37 We came to this conclusion because:
- the Council reported on its progress in dealing with external recommendations, although, it did not always challenge whether the actions it was taking were sufficiently focused and measurable;
  - the Council had taken action to ensure prompt sign-off of committee minutes, but could further improve transparency and ease of access to records;
  - the Council was taking action to improve the quality of information to members, but reporting was not always sufficiently clear and relevant to support robust decision making or challenge; and
  - the Council was improving its scrutiny function and intended to further improve the support to scrutiny to enable better outcomes.
- 38 We issued the **Governance–Corporate Assessment follow-on report** to the Council in May 2016, and it was presented to the Audit Committee in June 2016.

The Gwent Frailty Programme had demonstrated positive regional cross-sector partnership working to tackle growing community-based needs, but it had not evidenced tangible improved outcomes, which would be important as partners determine the future of the programme

- 39 From April 2011, ABUHB and Blaenau Gwent, Caerphilly, Monmouthshire, Newport, and Torfaen Councils began implementing an ambitious integrated model of care called the Gwent Frailty Programme (the Programme)<sup>1</sup>. The Programme was funded by a Welsh Government Invest to Save loan and contributions from respective partners to create a pooled fund.

<sup>1</sup> Unless stated otherwise, the 'Programme' covers the committees and working groups, members and staff, and the overall delivery and service model.

- 40 The Programme has legal status under a Section 33 partnership agreement<sup>2</sup> between ABUHB and the five Gwent councils. The agreement ran for three years commencing in April 2011. A Gwent Frailty Joint Committee (GFJC) was created as a decision-making body holding formal accountability under the Section 33 agreement. An Operational Co-ordinating Group, a range of specialist sub-groups and local implementation structures also supported the work of the Frailty Programme Joint Committee<sup>3</sup>.
- 41 In November 2012, we reviewed the Programme and found that partners were strongly committed to the Gwent Frailty vision and had created a sound programme management framework to underpin it. We recognised that the Programme was in the early stages of implementation and it faced challenges to ensure the Programme was sustainable, to change established working practices and to demonstrate its impact.
- 42 Our latest review in May 2015 focused on whether the Gwent Frailty Programme had delivered improvements in line with individual organisations' expectations.
- 43 We concluded that 'the Programme had demonstrated positive regional cross-sector partnership working to tackle growing community-based needs, but it had not evidenced tangible improved outcomes, which would be important as partners determine the future of the programme'.
- 44 We reached this conclusion because:
- The Gwent Frailty Programme successfully brought together partners who invested time and resources to improve outcomes for frail elderly people, but the financial aims had not been achieved, and outcomes remained difficult for partners to evidence.
  - Governance arrangements over the lifetime of the programme had been generally adequate, but the Programme could have engaged partners better, benefited from clearer information, and been more open about its business. We found that:
    - the governance arrangements provided for timely decision-making, but partner organisations were not always kept adequately informed of important issues affecting the Programme, such as the emerging large underspend;
    - financial reporting arrangements within the Programme were adequate, but performance reporting was not fit for purpose;
    - public transparency and decision recording started well, but became weaker over time; and
    - routine scrutiny of decisions by the GFJC was not robust, although, most partners reported annually through their own scrutiny arrangements.

<sup>2</sup> The Section 33 agreement provides a formal basis for partnership working. The partners can employ a section 33 agreement as a mechanism to create pooled revenue and capital funding. The host's financial management and financial accounting rules apply. This means that the joint service can reclaim VAT as well as utilising other financial flexibilities available to local government bodies.

<sup>3</sup> For the purposes of this report, reference to Programme Committees covers the Gwent Frailty Joint Committee, Operational Co-ordinating Group, the range of specialist sub-groups, and local implementation structures.



- The Gwent Frailty Programme benefited from strong commitment and was at a pivotal point in its journey, but needed clarity of vision to succeed. We found that:
  - the Programme had benefited from a strong commitment from the partner organisations, this needed to be re-confirmed in the context of the financial and operational challenges facing the individual organisations; and
  - the future direction of the Programme was unclear, the partnership was at a pivotal point, and partners were yet to agree a clear vision, which would need measurable outcomes and benefits.

# Appendix 1 – Status of this report

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

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

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

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

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

# Appendix 2 – Annual Audit Letter

Councillor Peter Fox  
Leader  
Monmouthshire County Council  
County Hall  
Rhadyr  
Usk  
Monmouthshire  
NP15 1GA

Dear Councillor Fox

## **Annual Audit Letter – Monmouthshire County Council 2014-15**

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

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

It is the Council's responsibility to:

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

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

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

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. On 29 September 2015, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee and full Council in my Audit of Financial Statements report on 23 and 24 September 2015 respectively.

We reported that a number of amendments were made to the draft financial statements, and that there were also several uncorrected misstatements in the financial statements which were not material and were therefore not adjusted for. A more detailed report covering these matters, and some additional issues identified during our audit, together with our recommendations, will be presented to the Council's Audit Committee in December.

**I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources**

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work we have undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. My recently published Annual Improvement Report, which incorporates the Corporate Assessment Report, highlights areas where the effectiveness of these arrangements has yet to be demonstrated, or where improvements could be made.

The Council continues to face significant financial challenges, and we are currently completing a review of the Council's financial resilience. Similar work is being undertaken at all other local government bodies in Wales, and it follows up work carried out in 2014-15. A report will be issued to the Council later in the year.

**I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2015**

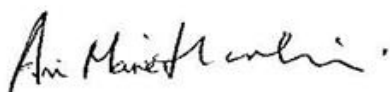
**My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2015-16 accounts or key financial systems**

Our grants certification audit work for 2014-15 at the Council is not yet fully complete. However, we have not identified any significant issues to date that I need to communicate to you within this letter. A detailed report on my grant certification work will follow in February 2016 once this year's work is complete.

**The financial audit fee for 2014-15 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline**

Under the requirements of the Public Audit (Wales) Act 2013, we are required to ensure that our fees do not recover any more than the full cost of an audit. In our Annual Audit Outline, we estimated that our fee for audit of the 2014-15 financial statements would be £176,068, and we are comfortable that our actual fee will not exceed this amount. We will notify you separately should any refund be due to the Council once the final cost of the audit has been calculated in early 2016.

Yours sincerely



**Ann-Marie Harkin**

For and on behalf of the Auditor General for Wales

cc Mr Paul Matthews, Chief Executive  
Mrs Joy Robson, Head of Finance

# Appendix 3 – Audit of Monmouthshire County Council's 2015-16 Improvement Plan

## Certificate

I certify that I have audited Monmouthshire County Council's (the Council) Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

## Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit, I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

### **Huw Vaughan Thomas**

Auditor General For Wales

CC: Leighton Andrews, Minister for Public Services

Non Jenkins, Manager

Dave Wilson, Performance Audit Lead

# Appendix 4 – Audit of Monmouthshire County Council’s assessment of 2014-15 performance

## Certificate

I certify that, following publication on 29 October 2015, I have audited Monmouthshire County Council’s (the Council’s) assessment of its performance in 2014-15 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure, and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

## Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

### **Huw Vaughan Thomas**

Auditor General For Wales

CC: Leighton Andrews, Minister for Public Services  
Non Jenkins, Manager  
Dave Wilson, Performance Audit Lead



# Appendix 5 – National report recommendations 2015-16

Date of report	Title of review	Recommendation
April 2015	<p><b>The Financial resilience of Councils in Wales</b></p>	<p>R1 Councils should ensure that their corporate plan:</p> <ul style="list-style-type: none"> <li>• is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure;</li> <li>• maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and</li> <li>• should clearly articulate the desired role of the council in five years - the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances.</li> </ul> <p>R2 The medium term financial plan should identify the major financial risks and key assumptions and senior officers and councillors should subject them to effective scrutiny and challenge before adopting the plan.</p> <p>R3 Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.</p> <p>R4 Councils should review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.</p> <p>R5 Councils should ensure that they have a comprehensive reserves strategy that outlines the specific purpose of accumulated useable reserves as part of their Medium term Financial Plan.</p> <p>R6 Councils should develop corporate wide policies on income generation with a view to increasing revenue streams and relieving financial pressures.</p> <p>R7 Councils should:</p> <ul style="list-style-type: none"> <li>• strengthen budget setting and monitoring arrangements to ensure financial resilience; and</li> <li>• review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems.</li> </ul>

Date of report	Title of review	Recommendation
April 2015	<p>The Financial resilience of Councils in Wales</p>	<p>R8 Councils must review their finance teams and ensure that they have sufficient capacity and capability to meet future demands.</p> <p>R9 Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.</p>
June 2015	<p>Achieving improvement in support to schools through regional education consortia – an early view.</p>	<p>R1 To clarify the nature and operation of consortia. We found there to be continuing uncertainty about some aspects of the nature of regional consortia and their present and future scope (paragraphs 2.2 to 2.20). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• Local authorities should clarify whether consortia services are jointly provided or are commissioned services (services provided under joint-committee arrangements are jointly provided services and are not commissioned services).</li> </ul> <p>R2 To focus on outcomes through medium-term planning. We found that the development of effective regional consortia was hindered by a focus on short-term actions and uncertainty about the future of consortia (paragraphs 2.33 to 2.36; 3.16 to 3.17). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• As any possible local authority re-organisation will not be fully implemented until 2020, the Welsh Government and regional consortia should develop three-year plans for the further development, scope, and funding of regional consortia linked to appropriate strategic objectives.</li> </ul>

Date of report	Title of review	Recommendation
June 2015	<p>Achieving improvement in support to schools through regional education consortia – an early view.</p>	<p>R3 To develop more collaborative relationships for the school improvement system. The development of the National Model for Regional Working involved many school improvement partners but we found that this had not led to the development of sufficiently collaborative relationships (paragraphs 2.25 to 2.32). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• Regional consortia should develop improved arrangements for sharing practice and supporting efficiency (for example, one consortium could take the lead on tackling an issue or have functional responsibility for the development of a policy).</li> <li>• The Welsh Government, local authorities and regional consortia should recognise the interdependency of all partners fulfilling their school improvement roles and agree an approach to: <ul style="list-style-type: none"> <li>– information sharing and consultation about developments related to school improvement;</li> <li>– developing collaborative relationships of shared accountability; and</li> <li>– undertaking system wide reviews, and an alignment of the understanding and position of regional consortia across all Welsh Government relevant strategies.</li> </ul> </li> </ul> <p>R4 To build effective leadership and attract top talent. Regional consortia, local authorities and the Welsh Government have all found difficulties in recruiting to senior leadership for education and we found there had been limited action to address this (paragraphs 2.37 to 2.40). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• the Welsh Government and local authorities should collaborate to improve the attractiveness of education leadership roles to attract the most talented leaders for the school improvement system; and</li> <li>• local authorities should collaborate to support the professional development of senior leaders and to ensure appropriate performance management arrangements are in place for senior leaders.</li> </ul>

Date of report	Title of review	Recommendation
June 2015	<p>Achieving improvement in support to schools through regional education consortia – an early view.</p>	<p>R5 To improve the effectiveness of governance and management of regional consortia. Whilst continuing progress is being made, we found that regional consortia have not yet developed fully effective governance and financial management arrangements (paragraphs 3.2 to 3.36). We therefore recommend that local authorities and their regional consortia should:</p> <ul style="list-style-type: none"> <li>• improve their use of self-evaluation of their performance and governance arrangements and use this to support business planning and their annual reviews of governance to inform their annual governance statements;</li> <li>• improve performance management including better business planning, use of clear and measurable performance measures, and the assessment of value for money;</li> <li>• make strategic risk management an integral part of their management arrangements and report regularly at joint committee or board level;</li> <li>• develop their financial management arrangements to ensure that budgeting, financial monitoring and reporting cover all relevant income and expenditure, including grants funding spent through local authorities;</li> <li>• develop joint scrutiny arrangements of the overall consortia as well as scrutiny of performance by individual authorities, which may involve establishment of a joint scrutiny committee or co-ordinated work by local authority scrutiny committees;</li> <li>• ensure the openness and transparency of consortia decision making and arrangements;</li> <li>• recognise and address any potential conflicts of interest; and where staff have more than one employer, regional consortia should ensure lines of accountability are clear and all staff are aware of the roles undertaken; and</li> <li>• develop robust communications strategies for engagement with all key stakeholders.</li> </ul>

Date of report	Title of review	Recommendation
July 2015	<p>Review of Corporate Safeguarding Arrangements in Welsh Councils</p>	<p>R1 Improve corporate leadership and comply with Welsh Government policy on safeguarding through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements;</li> <li>• the appointment of a lead member for safeguarding; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul> <p>R2 Ensure there is a corporate-wide policy on safeguarding covering all Council services to provide a clear strategic direction and clear lines of accountability across the Council.</p> <p>R3 Strengthen safe recruitment of staff and volunteers by:</p> <ul style="list-style-type: none"> <li>• ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children;</li> <li>• creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and</li> <li>• requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the Council which are underpinned by a contract or service level agreement.</li> </ul> <p>R4 Ensure all relevant staff, members and partners understand their safeguarding responsibilities by:</p> <ul style="list-style-type: none"> <li>• ensuring safeguarding training is mandated and coverage extended to all relevant Council service areas, and is included as standard on induction programmes;</li> <li>• creating a corporate-wide system to identify, track and monitor compliance on attending safeguarding training in all Council departments, elected members, schools, governors and volunteers; and</li> <li>• requiring relevant staff in partner organisations who are commissioned to work for the Council in delivering services to children and young people to undertake safeguarding training.</li> </ul>

Date of report	Title of review	Recommendation
July 2015	<p>Review of Corporate Safeguarding Arrangements in Welsh Councils</p>	<p>R5 In revising guidance, the Welsh Government should clarify its expectations of local authorities regarding the roles and responsibilities of the designated officer within education services, and the named person at senior management level responsible for promoting the safeguarding.</p> <p>R6 Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and Council-wide set of performance information covering:</p> <ul style="list-style-type: none"> <li>• benchmarking and comparisons with others;</li> <li>• conclusions of internal and external audit/ inspection reviews;</li> <li>• service-based performance data;</li> <li>• key personnel data such as safeguarding training, and DBS recruitment checks; and</li> <li>• the performance of contractors and commissioned services on compliance with Council safeguarding responsibilities.</li> </ul> <p>R7 Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the Council's safeguarding practices.</p> <p>R8 Ensure the risks associated with safeguarding are considered at both a corporate and service level in developing and agreeing risk management plans across the Council.</p>

Date of report	Title of review	Recommendation
October 2015	Supporting the Independence of Older People: Are Councils Doing Enough?	<p>R1 Improve governance, accountability and corporate leadership on older people's issues through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for coordinating and leading the Council's work on older people's services;</li> <li>• realigning the work of the older people's strategy coordinators to support development and delivery of plans for services that contribute to the independence of older people;</li> <li>• the appointment of a member champion for older people's services; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul> <p>R2 Improve strategic planning and better coordinate activity for services to older people by:</p> <ul style="list-style-type: none"> <li>• ensuring comprehensive action plans are in place that cover the work of all relevant council departments and the work of external stakeholders outside of health and social care; and</li> <li>• engaging with residents and partners in the development of plans, and in developing and agreeing priorities.</li> </ul> <p>R3 Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.</p> <p>R4 Ensure effective management of performance for the range of services that support older people to live independently by:</p> <ul style="list-style-type: none"> <li>• setting appropriate measures to enable Members, officers and the public to judge progress in delivering actions for all council services;</li> <li>• ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and</li> <li>• establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny.</li> </ul>

Date of report	Title of review	Recommendation
October 2015	<p>Supporting the Independence of Older People: Are Councils Doing Enough?</p>	<p>R5 Ensure compliance with the Public Sector Equality Duty when undertaking equality impact assessments by:</p> <ul style="list-style-type: none"> <li>• setting out how changes to services or cuts in budgets will affect groups with protected characteristics;</li> <li>• quantifying the potential impact and the mitigation actions that will be delivered to reduce the potentially negative effect on groups with protected characteristics;</li> <li>• indicating the potential numbers who would be affected by the proposed changes or new policy by identifying the impact on those with protected characteristics; and</li> <li>• ensuring supporting activity such as surveys, focus groups and information campaigns includes sufficient information to enable service users to clearly understand the impact of proposed changes on them.</li> </ul> <p>R6 Improve the management and impact of the Intermediate Care Fund by:</p> <ul style="list-style-type: none"> <li>• setting a performance baseline at the start of projects to be able to judge the impact of these overtime;</li> <li>• agreeing the format and coverage of monitoring reports to enable funded projects to be evaluated on a like-for-like basis against the criteria for the fund, to judge which are having the greatest positive impact and how many schemes have been mainstreamed into core funding; and</li> <li>• improving engagement with the full range of partners to ensure as wide a range of partners are encouraged to participate in future initiatives and programmes.</li> </ul>



Date of report	Title of review	Recommendation
December 2015	Delivering with less - leisure services	<p>R1 Improve strategic planning in leisure services by:</p> <ul style="list-style-type: none"> <li>• setting an agreed council vision for leisure services;</li> <li>• agreeing priorities for leisure services;</li> <li>• focusing on the Council's position within the wider community sport and leisure provision within the area; and</li> <li>• considering the potential to deliver services on a regional basis.</li> </ul> <p>R2 Undertake an options appraisal to identify the most appropriate delivery model based on the Council's agreed vision and priorities for leisure services which considers:</p> <ul style="list-style-type: none"> <li>• the availability of capital and revenue financing in the next three-to-five years;</li> <li>• options to improve the commercial focus of leisure services;</li> <li>• opportunities to improve income generation and reduce council 'subsidy';</li> <li>• a cost-benefit analysis of all the options available to deliver leisure services in the future;</li> <li>• the contribution of leisure services to the Council's wider public health role;</li> <li>• better engagement with the public to ensure the views and needs of users and potential users are clearly identified;</li> <li>• the impact of different options on groups with protected characteristics under the public sector equality duty; and</li> <li>• the sustainability of service provision in the future.</li> </ul>

Date of report	Title of review	Recommendation
December 2015	Delivering with less - leisure services	<p>R3 Ensure effective management of performance of leisure services by establishing a suite of measures to allow officers, Members and citizens to judge inputs, outputs and impact. This should cover council-wide and facility specific performance and include:</p> <ul style="list-style-type: none"> <li>• capital and revenue expenditure;</li> <li>• income;</li> <li>• council 'subsidy';</li> <li>• quality of facilities and the service provided;</li> <li>• customer satisfaction;</li> <li>• success of 'new commercial' initiatives;</li> <li>• usage data – numbers using services/facilities, time of usage, etc; and</li> <li>• impact of leisure in addressing public health priorities.</li> </ul> <p>R4 Improve governance, accountability and corporate leadership on leisure services by:</p> <ul style="list-style-type: none"> <li>• regularly reporting performance to scrutiny committee(s);</li> <li>• providing elected Members with comprehensive information to facilitate robust decision-making;</li> <li>• benchmarking and comparing performance with others; and</li> <li>• using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.</li> </ul>



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