

MERTHYR TYDFIL COUNTY BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT – 2014-15

1. SCOPE OF RESPONSIBILITY

Merthyr Tydfil County Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It is a requirement of the Local Government (Wales) Measure 2009 that Local Authorities make arrangements to secure continuous improvement in the exercise of their functions by identifying their own priorities for improvement.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”. (Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives).

This Annual Governance Statement explains how the Council has complied with the CIPFA/SOLACE Framework and also meets the requirements of Part 3 of the Accounts and Audit (Wales) Regulations 2014.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

A governance framework comprises the systems and processes, and culture and values, by which the authority and its activities are directed and controlled. It also embodies the way in which it accounts to, engages with, and leads the community. It enables the Council to monitor the delivery of its Corporate Priorities for Improvement and to consider whether this has led to improved outcomes for the citizen. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies or deliver its priorities and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies and Corporate Priorities. It also evaluates the likelihood of those risks being realised and the associated impact should they occur, and identifies how the risks will be managed.

A governance framework has been in place at the Council for the year ended 31st March 2015 and up to the date of approval of the Annual Governance Statement and Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

The following is a description of the systems and processes that comprise the Council's governance arrangements including arrangements for:

(a) Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users:

The Corporate Plan sets out our ambition for Merthyr Tydfil to 2017 and identifies the Council's top priorities. These are referred to as our Priority Areas. These support the Vision and Priority Outcomes identified for Merthyr Tydfil which are set out in the County Borough's Single Integrated Plan 2013/17.

Priority Outcomes Single Integrated Plan	Priority Areas Corporate Plan 2013-2017
People in Merthyr Tydfil have the opportunity and aspiration to learn and develop their skills to maximise their potential.	Raising Standards of Attainment Employability
People in Merthyr Tydfil benefit from a strong, sustainable and diverse economy.	Economic Development
People, who live and work in Merthyr Tydfil are supported to enjoy a healthier and better quality of life.	Active Lifestyles Promoting Independence Meeting the needs of vulnerable children
People enjoy a vibrant, attractive, safe and sustainable place in which to live, work, play and visit.	Sustainable Environment

Delivery of the Single Integrated Plan (SIP) is the responsibility of the Merthyr Tydfil Local Service Board (LSB).

As part of its production process the SIP underwent a statutory/public consultation exercise.

(b) Reviewing the vision for Merthyr Tydfil and its implications for the Council's governance arrangements:

The Council keeps the above under review and development. The annual review of governance arrangements will take into account any changes to the Vision in the future.

The Single Integrated Plan that contains the vision for Merthyr Tydfil will be subject to annual review by the Local Service board partners.

(c) Translating the vision into objectives for the authority and its partnerships:

The Single Integrated Plan identifies clear outcomes that will have a positive impact for people.

The Corporate Plan supports the vision and priority outcomes identified for Merthyr Tydfil within the Local Service Board's Single Integrated Plan 2014 to 2017.

The priorities of the Single Integrated Plan focus on making progress on outcomes in partnership with other organisations, whilst the priorities in the Corporate Plan focus on those that are predominantly the responsibility of the Council.

(d) Measuring the quality of services for users for ensuring they are delivered in accordance with the Council's objectives for ensuring that they best represent the use of resources:

Workshops have been held to develop a Corporate Self Evaluation model; part of this covers quality of provision/service delivery and services are asked to identify the systems they have in place to measure, validate and challenge quality of service delivery. A Service Performance Challenge programme ran from September 2014 through March 2015. It is planned the Service Performance Challenge programme will continue throughout 2015. This programme reviewed service self-evaluations and provided challenge on service performance. The challenge helps the Authority identify areas of improvement work within services.

Value for Money of services provided by the Council is considered as part of the Corporate Self Evaluation/Performance Service Challenge framework adopted by the Council. This is beginning to become intrinsically linked to the allocation of scarce resources through the budget setting process as evidenced through the Service Budget Review process. This is planned to be further developed during the 2015/16 budget process.

The Council's budget process establishes the resources required to deliver its services and Corporate Priorities for Improvement, which involves a review of the overall use of resources.

Internal Audit's annual plan of work includes reviewing the use of resources.

Consultation is used to gauge the public perception of services provided.

It is recognised that there is a need to implement a process to align priorities and resources to deliver the appropriate level of service and a process to determine which services need to be delivered in an alternative way.

The Wales Audit Office Annual Improvement Report made positive comments on the self-evaluation process.

The self-evaluation process is developing and we are working to ensure that each service area has robust arrangements in place to provide information to enable quality of service to be measured. Arrangements for challenging partnerships regarding VFM is an area requiring further development.

The Service Improvement Framework has been further developed and sets out the key components of the Council's improvement planning process.

The complaints procedure has undergone a review and an updated model was presented to, and adopted by, Council in September 2014.

(e) Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions with clear delegation arrangements and protocols for effective communication:

The Code of Corporate Governance states that the Council will set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice.

All Committees and member bodies are set out in the Authority's Constitution. The Scheme of Delegation details where responsibility for functions lie and in respect of decisions to be made, identifies which body or person makes those decisions which result in actions either being taken or not.

The Code of Corporate Governance states that the Council will develop protocols to ensure effective communication between members and officers in their respective roles. Section 5.03 sets out the protocol on councillor/officer relations and sets out the specific role of councillors and officers and of the relationship that should exist.

(f) Developing, communicating and embedding codes of conduct, defining the standards of behaviours for members and staff:

The Authority's Code of Corporate Governance states that the Authority will ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the Authority, its partners and the community are defined and communicated through codes of conduct and protocols.

There are codes of conduct in place which have been formally approved and communicated to all relevant staff. The Employee Code of Conduct and Members Code of Conduct form part of the Constitution. Copies of Codes are also available on the Council's Intranet and Internet site. Booklets are produced and disseminated to employees and councillors on request. All new starters with the Council receive a copy of the Employee Code of Conduct. All members of staff have been issued with a Staff Handbook which provides a summary of relevant policies and working practices.

(g) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks:

The Constitution has been updated to reflect the changes both in terms of the political management structure arrangements and organisational structure in the Council. The Council's Constitution sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Responsibility for decision-making, the role of the Council, the Cabinet, Committees and the process for determining the Council's key decisions are defined in the Constitution. Delegations are detailed so that the functions of the Council, Cabinet, Cabinet Members, Committees and Officers are specified.

The Constitution contains amongst other things, Rules of Procedure including the Financial Procedure Rules and the Procurement and Contracting Rules. A continuing ongoing review of the Constitution was undertaken during 2014-2015 to ensure the Constitution was kept up to date.

The Audit Committee has a role in reviewing and scrutinising the appropriateness of the Council's Risk Management arrangements, which should be supported and driven by a Risk Management Policy and Strategy.

In order to emphasise the importance of Risk Management across the Local Authority, the Deputy Leader of the Council has agreed to be Councillor Risk Management Champion as set out in the Policy and Strategy. The Policy and Strategy also clearly sets out Risk Management Roles and Responsibilities across the Council, including for the Chief Executive, Directors, Assistant Directors, Heads of Service, Operational/Team Managers and Councillors.

The Council's revised and updated Risk Management Policy and Strategy was approved by Full Council on 16th July 2014. The Council's Service Performance Challenge Process is an integral part of reporting on the Service Risk Registers enabling the Local Authority to challenge services about risks and issues, whilst also supporting the identification of any new or emerging risks and issues.

(h) Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities:

The Authority has established an Audit Committee, which undertakes the core functions of an audit committee as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. In accordance with the Local Government (Wales) Measure 2011 one member of the Audit Committee is a Lay Member. The Audit Committee has an up to date terms of reference that is contained within the Authority's Constitution.

(i) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that the expenditure is lawful:

The Authority has in place a framework of Procedures, Rules and Policies that sets out how policy decisions are made. Key roles are performed by statutory officers, including the Authority's Head of Paid Service, Monitoring Officer, Section 151 Officer, Chief Education Officer, and Statutory Director of Social Services.

A regular programme of work is carried out by Internal Audit reviewing compliance with established procedures and expected controls. In addition, Scrutiny Committees, External Audit and External Inspection Agencies contribute to the review of the Authority's compliance with its policies, procedures, laws and regulations.

A Risk Management Framework has been established which aims to embed risk management into the operational and strategic management of the Authority. Key risks are identified in Service Risk Registers and a Corporate Risk Register and a Risk Management Strategy adopted.

The Authority introduced new self-evaluation arrangements to improve upon existing arrangements.

The Authority sets a balanced budget with revenue and capital budgets being integrated annually. This is embodied by the production of a Medium Term Financial Plan (MTFP), which sets out likely expenditure and income over a 3-year period which allows for more certain forward planning for the delivery of services and linking this to the level of resources potentially available. The MTFP is presented to the Council as part of the budget setting process.

Appropriate limits have been approved in line with the Prudential Code for Capital Accounting. Budgets are monitored regularly and members receive financial information that is relevant, understandable and consistent with the underlying financial records. Financial reserves are kept under review.

During 2014-2015 the Internal Audit function employed the services of an external agency auditor to provide support to cover staff vacancies within the service. This solution to cover 'resource gaps' has been used repeatedly for a number of years to reduce the impact on audit coverage as a result of staff vacancies within the function. The use of external support during 2014-2015 ensured that the Authority had adequate internal audit resource. Going forwards the use of external agency support is not an efficient long-term solution and looking to the future the Authority needs to ensure that the internal audit function is fully resourced. Appointments were made to the vacancies in December 2014 and January 2015.

(j) Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability:

The Authority has an approved Risk Management Strategy that includes a Corporate Risk Management Policy Statement. The Strategy and the inclusive Policy Statement is regularly updated to ensure it remains up to date and continues to reflect the Council's approach to Risk Management. The Council's Risk Management Strategy has been updated with approaches for managing risk in relation to partnerships and was approved by Council in July 2014.

Services are required to complete risk assessment models annually and these are completed alongside operational plans. Operational Risk Registers are then created using the content from the Risk Assessment Models prioritised by risk score order highlighting the most significant risks facing each service.

During 2014-15 all risks that were identified as needing to be managed were included in their respective Operational Action Plans where Risk Owners were required to set out Action Plans to manage and mitigate these risks.

(k) Whistleblowing and arrangements for receiving and investigating complaints from the public:

The Authority has a Whistleblowing Policy which forms part of the Authority's Constitution. The Whistleblowing Policy was updated and amended during 2014/2015 to include more detailed monitoring of staff awareness and improved record keeping measures. The Authority also has an Anti-Fraud and Corruption Policy and it is recognised that the policy is in need of review. Both of these documents can be accessed via the Authority's intranet site.

The Authority has a Corporate Compliments, Comments and Complaints Procedure that was agreed by Council on 10th September 2014 and this document is available on the Internet. Social Services also maintain their own departmental Complaints Policy which supports the implementation of the Social Services Complaints Procedures (Wales) Regulations 2014 and the Representations Procedure (Wales) Regulations 2014 and brings the complaints process for Social Services in line with the Model Concerns and Complaints Policy and Guidance and the NHS Complaints Procedure "Putting Things Right".

(l) Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training:

The Authority's website contains policies relating to Employee Code of Conduct, Financial Procedure Rules, Procurement and Risk Management, Health and Safety etc. All Councillors are invited to attend induction-training courses when elected and may not take up office until they have received training in the Code of Conduct. Ongoing awareness training is provided as and when appropriate.

Training needs assessments are undertaken for specific skill areas periodically. The Authority has Training Officers who organise training courses for staff.

The Authority maintains a Personal Professional Development Plan process for staff. This has been reviewed and a new 'One to One and Annual Review/Appraisal' process was introduced in the summer of 2014.

(m) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation:

The Code of Corporate Governance states that the Council will ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.

There has been clear sustained progress in all of the communication channels employed by the Local authority. These are principally:

- Contact Magazine
- Council's internal Intranet
- Use of local, regional and national media
- Use of service users for planning groups
- Chief Executive's Core brief
- Social Media including Facebook and Twitter
- Council's Website
- Electronic Signage Facilities
- Improved telecommunication access channels
- Specific consultation on change programmes e.g. Chief Executive Information Sessions

Consultation and engagement is one of the main tools the Council uses to inform and understand the opinions and views of local residents, customers and other stakeholders within the County Borough. The Code of Corporate Governance states that the Council will establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users including a feedback mechanism for those consultees to demonstrate what has changed as a result.

The Single Integrated Plan is reviewed on a yearly basis. During the last quarter of 14/15 and the 1st. Quarter of 15/16 the Merthyr Tydfil LSB agreed to undertake a mid-term review of the SIP. The LSB has approved a comprehensive mid-term review of Merthyr Tydfil's SIP. Throughout the review process, consideration of the impending implementation of the Future Generations Act has been given and a clear focus on future requirements has informed the changes being undertaken as part of the review. The revised SIP for 15/16 is to be presented to LSB on the 30 July.

Revised SIP for 15/16 will be made available on the Council's web-site and LSB partners web-sites.

The Annual Report for 14/15 will be available in the autumn 2015.

The Consultation Hub is in place, a consultation toolkit has been developed and a Citizens Panel is in place. The Citizens panel consists of 600 people recruited who can be contacted and consulted.

The Authority received funding via ESF to deliver a joint consultation and engagement project across the Cwm Taf Footprint. The project has enabled the Authority to take a coordinated partnership approach to consultation activity across and between the stated LSB's. Funding for this project ended via December 2014. Further funding was unable to be secured via Cwm Taf Regional Collaboration Board Partners to fund a post going forward. However, responsibility for this now sits with the Corporate Communications and Consultation Team within the Local Authority and is also supported collaboratively across the Cwm Taf footprint by the newly established Cwm Taf Public Engagement Group.

The Authority publishes a Community Magazine (Contact) which informs all our stakeholders of what is happening across the County Borough. The magazine is distributed to every household across the County Borough and is also published on the Council's website and staff internet site.

The Authority is now more proactive with all consultation and engagement across the Cwm Taf Footprint through closer partnership working via the strategic and practitioners public engagement group meetings.

In the summer of 2014 a set of Values and Behaviours were developed by the staff forum which have been embedded in the Corporate Plan, performance appraisals. This is the first step in developing the culture further.

(n) Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Authority's overall governance arrangements:

The Council works in partnership with a range of organisations in order to deliver its objectives and priorities. Some examples include:

- The Merthyr Tydfil Local Service Board, which includes Police, Health Board, Third Sector, and a representative from the Welsh Government;
- The Cwm Taf Regional Collaboration Board which has a strong focus on collaboration across the region. The Board consists of senior representatives of Councils, Police, Health Board, Third Sector, and representatives from the Welsh Government;
- Key Strategic Partnerships for Health Social Care and Well Being; Children and Young People; and Community Safety combined to form a single Partnership Board for Merthyr Tydfil;
- Heads of the Valleys Initiative;
- Connecting South East Wales Board to develop shared services;
- Welsh Local Government Association; and
- Local, Regional and National Trade Unions.

Different governance and risk management arrangements exist for different partnerships but mechanisms to ensure the effectiveness and proper risk management arrangements need to be further developed.

The Authority has developed a Partnership Risk Management Toolkit that has received approval from the Corporate Management Team. The Toolkit provides a framework for identifying and managing the risks associated with creating, establishing, managing and delivering successful partnerships. Between October 2014 and March 2015 the Toolkit was piloted by a range of services across the Authority to test its effectiveness and provide feedback on any necessary improvements. Following this trial and feedback received from services involved in the trial, the draft Toolkit has been updated where necessary to reflect the feedback from the pilot. The next steps will be to report the Toolkit to Council for approval and adoption and then full rollout.

(o) Ensuring the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact:

The Section 151 Officer (Chief Finance Officer) is the responsible officer for administration of the Council's financial affairs under section 151 of the Local Government Act 1972.

For 2014/2015 the Chief Finance Officer reported to the Chief Executive.

The Chief Finance Officer is a member of the Corporate Management Team.

The Chief Finance Officer is responsible for ensuring that appropriate advice is given on all financial matters, for maintaining proper financial accounts and records and maintaining an effective system of internal financial control.

In line with CIPFA's 'Statement on the Role of the Chief Financial Officer in the Public Service Organisations' (2009) and the 'Statement of the Role of the Chief Financial Officer in Local Government' (2010) the Council's Chief Financial Officer:

- Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest;
- Is actively involved in, and able to bring influence to bear on all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Authority's financial strategy; and
- Leads the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Finance Officer:

- Leads and directs a finance function that is resourced to be fit for purpose; and
- Is professionally qualified and suitably experienced.

(p) Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained.

The Council has an approved Anti-Fraud and Corruption Policy which is currently being reviewed to ensure it is up-to-date. The Anti-Fraud and Corruption Policy is available electronically via the Intranet and members of staff have been made of aware of the Policy and its location. The Counter Fraud Service performance information is reported to the Council's Audit Committee at regular intervals.

(q) Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.

The Audit Manager is CIPFA qualified with over 20 years' experience and leads a team of staff who provide a professional, cost effective and independent internal audit of the Authority's systems of internal control, risk management arrangements and governance arrangements. Internal Audit work to a risk based plan and produce reports giving opinions on the standard of the Authority's internal control environment, it's compliance with established controls and its governance arrangements.

An Annual Internal Audit Report is compiled by the Audit Manager and reported to Audit Committee providing an opinion on the internal control framework, risk management arrangements and governance arrangements. The opinion formulated in this report is based on the work undertaken by Internal Audit during the financial year and the opinions given.

Financial Procedure Rules detail that the Chief Finance Officer and his audit representatives have the authority to directly access the Head of Paid Service, the Cabinet and the Audit Committee.

The Audit Manager works closely with the Audit Committee to provide challenge and support across the authority and improve governance, risk management and internal control. The Audit Manager is not a member of the Senior Leadership Team but is managed by and has direct access to the Head of Corporate Services who is a member of the Senior Leadership Team.

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report, and also by the comments made by the external auditors and other review agencies and inspectorates.

Throughout 2014/15 the Council has maintained and reviewed its system of internal control in a number of ways. In particular:

The Internal Audit Service has undertaken planned reviews of internal control procedures, risk management and governance arrangements across departments and across a range of functions within the Council. The Internal Audit Service worked to its Plan for 2014/15. Reports were published upon completion of assignments and circulated to management and members of the executive and action plans included in the Audit, Inspection Action Plans system (AAPs) according to internal processes. Minutes and agenda papers of Audit Committee demonstrate that reports have been made to Audit Committee and also that officers have been called to Audit Committee to discuss their respective reports and action plans and subsequently provide updates on progress in future meetings. To allow for Member absences at Audit Committee meetings Internal Audit arranged for Audit Committee Members to have access to the AAP system so that they can view service action plans at all times and not just when an Audit Committee meeting is called.

The Scrutiny Committees have examined a substantial number of issues as part of their work programme in 2014-15 as demonstrated in their Annual Report.

Information to be taken into consideration for producing the Annual Governance Statement includes performance management information, work completed by the Internal Audit Service, work completed by the External Auditor and other external inspection agencies, Scrutiny work, Risk Management and the Internal Control Framework including procedures, codes of conduct and policies and financial management controls as outlined in the CIPFA guidance.

The Internal Audit Service and key officers of the Council carried out a review based on CIPFA guidance to ensure that evidence was in place to support the production of the Annual Governance Statement, to identify gaps where that was not the case and to review the effectiveness of existing arrangements.

Based on this information an initial draft of the Annual Governance Statement was produced for discussion with the Monitoring Officer, Chief Finance Officer, the Chief Executive, Corporate Management Team, Audit Committee, Governance Performance Business Change and Corporate Services Scrutiny Committee and the External Auditors.

The Significant Governance Issues identified are shown in section 5 and take into account the definition identified in Appendix 1.

5. SIGNIFICANT GOVERNANCE ISSUES 2014/2015

Issues	2014-2015 AGS Position & Action Taken/Planned
<p>Estyn Report on Local Authority Services for Children and Young People</p>	<p>Estyn carried out a review of the quality of Local Authority Education Services for Children and Young People (LAESCYP) in Merthyr Tydfil and a report was produced in November 2012 detailing the outcomes of the review. The review resulted in 8 recommendations as follows:</p> <p>R1: Secure better outcomes for learners at all key stages and analyse and use performance data to identify and address underperformance. R2: Strengthen the level of challenge to schools and use the full powers available to the authority to improve leadership and management in underperforming schools. R3: Devise and apply better strategies to reduce the number of young people not in education, employment or training and build upon existing strategies to reduce the number excluded from school and improve pupil attendance rates, especially in primary schools. R4: Develop a robust self-evaluation framework for the work of the local authority's education services and introduce appropriate and challenging performance targets that drive improvement. R5: Develop a more rigorous scrutiny framework, supported by data analysis, to challenge the education services. R6: Ensure that data on the needs and attainment of all pupils with additional learning needs, and of vulnerable groups, is used at a strategic level to identify specific issues and trends that inform service planning. R7: Evaluate the impact of Youth Support Services in order to adjust the provision and rebalance resource allocation where necessary. R8: Develop and implement systems to judge whether initiatives and services have a positive impact on children and young people and offer good value for money.</p> <p>Following receipt of the report the authority was required to produce an action plan to show how it will address the recommendations within 50 working days of receipt of the report. A Post Inspection Action Plan (PIAP) was sent to Estyn on 7th June 2013.</p> <p>Following the Estyn Education Services inspection (LAESCYP) in November 2012 and the Welsh Government establishing a Recovery Board, the Council is making good progress towards addressing the recommendations. Robust plans have been established and a range of scrutiny and challenge processes put in place to oversee the delivery of these plans.</p> <p>Outcomes have improved considerably over the last 3 years. Final results up to KS3 and provisional results at KS4 show improved rates of attainment that are faster than in any other authority or region across Wales for the third year in a row and this improvement is consistent across nearly every indicator and across all phases.</p> <ul style="list-style-type: none"> • At age 7 results have improved by 5% this year and 12% since 2012. • At age 11 results have improved by 3% this year and 10% since 2012. • At age 14 results have improved by 7% this year and 17% since 2012. • At age 16 results have improved by 2% this year and nearly 20% since 2012. <p>Improvements in attainment are also reflected in improved rankings above where MTCBC would be expected to be in the context of the MID.</p> <p>The outcomes for 2014-15 will place MTCBC in Quartile 1 or 2 for 5 of the 7 National Strategic Indicators. In addition the numbers of young people Not in Education, Employment or Training (NEETs) have been significantly reduced, with a plan of action to sustain this. Attendance rates have improved in primary and secondary schools and exclusions have reduced significantly in secondary schools. The number of pupils leaving full time education without a qualification is consistently amongst the lowest in Wales.</p>

Issues	2014-2015 AGS Position & Action Taken/Planned
<p>Auditor General's Annual Improvement Report incorporating the Corporate Assessment Report 2014</p>	<p>The Annual Improvement Report for 2014/2015 was issued by the Wales Audit Office in June 2015. <i>“The Auditor General has concluded that the Council's track record, and its capacity and capability may mitigate the effectiveness of its arrangements to secure continuous improvement for 2015/2016. This judgement reflects the conclusion of his corporate assessment that the Council continues to face significant challenges and must continue to draw upon external support if it is to deliver its priorities.”</i></p> <p><i>“The audit team found that the Council continues to deal with significant service and financial challenges with the benefit of external support...sound governance structures are mostly in place but there are weaknesses in safeguarding and whistleblowing arrangements and some other arrangements are not working as effectively as they might.”</i></p> <p>The Council has developed a plan to address the weaknesses regarding Safeguarding including the creation and implementation of a Corporate Safeguarding Policy, performance reports to scrutiny committees and Cabinet and raising of awareness throughout the entire Council. The Whistleblowing Policy has subsequently been reviewed, amended and updated as required.</p> <p><i>“We also found that the Council has taken significant strides forward in its use of resources but needs to ensure it has sufficient capacity to meet the challenges ahead...the Council has improved its financial governance arrangements and is better monitoring and managing its finances, although it benefits from, and continues to need, additional support to improve the capacity of members and managers to robustly challenge financial and service performance...the Council's arrangements to manage and utilise its workforce have not been effective and it has an action plan in place to drive improvement.”</i></p> <p><i>“Finally, we found that the Council's progress towards achieving its planned outcomes remains variable...The Council is benefiting from the support of the Education Recovery Board. This is having a positive impact on driving improvement in some key education areas but the scale and pace of improvement of educational attainment remains a significant challenge...The Council has not met the national targets for recycling but, following the award of a Welsh Government grant, it is piloting an alternative method of waste collection...Whilst overall performance against the national indicators improved, the Council fell short of meeting its targets and is reporting mixed progress towards achieving its improvement objectives.”</i></p> <p>Within the Annual improvement Report for 2014/2015 the Auditor General made the following formal recommendations for improvement:</p> <p>R1 The Auditor General recommends that the Council following discussion with the Welsh Government continues to secure appropriate external support to enable it to deliver its statutory duty to deliver continuous improvement.</p> <p>R2 The Auditor General also recommends that the Welsh Government continues to provide support through the Education Recovery Board and that it keeps under review the support it provides to the Council generally.</p>
<p>Financial Pressures: Limited financial resources versus increasing demand for services and capital projects causes budget pressures which impact upon the delivery of public</p>	<p>The Medium Term Financial Plan (MTFP) 2014/2015 to 2017/2018 was presented for approval to Council on 26th March 2014 and indicated an estimated budget deficit of £7 million over the period of the MTFP based on assumptions contained within the MTFP. These assumptions were subsequently revised following worsening predicted financial settlements for 2015/2016 onwards to £15 million over the term of the MTFP.</p> <p>Although the Council aligns the MTFP with its priorities, it must be appreciated that a MTFP is a rolling programme continuously updated for changing circumstances, new developments and priorities. Consequently it was recognised that a significant amount of work was still required to fully align spending requirements to Corporate Priorities and</p>

Issues	2014-2015 AGS Position & Action Taken/Planned
<p>services.</p> <p>E.g. Reduction in funding from the Welsh Government, lack of investment income, capital receipts, costly care packages, reductions in grant funding.</p>	<p>available finance.</p> <p>The following should be noted:</p> <ol style="list-style-type: none"> 1. Although the first quarter revenue monitoring report for 2014/15 projected a year end budget deficit of £641,000, the provisional revenue outturn for 2014/15 is a budget surplus of £114,000 after allowing for contributions to corporate earmarked reserves of £892,000 to support a comprehensive review of Council services as part of the Council's continuing efficiency and transformation agenda and to assist with any potential future budget pressures. 2. The delivery of the provisional revenue outturn surplus for 2014/2015 of £114,000 results from the following initiatives: <ul style="list-style-type: none"> • Moratorium on non-essential expenditure instigated by the Chief Finance Officer • Improving departmental budget management • Directorate budget deficit recovery plans • Transformation Programme Board Challenge • Budget Board Challenge <p>A significant proportion of the savings arising from the budget reduction initiatives are 'one-off' in nature and as such are non-recurring.</p> <ol style="list-style-type: none"> 3. The 'Budget Board' and 'Transformation Programme Board' (supported by the Transformation Steering Group) were created during 2014/15 to help to ensure a balanced budget outturn position was delivered for 2014/15 thus further developing and improving the robustness of the budget setting and monitoring procedures. 4. Budgeting procedures are continually being challenged and further developed in strengthening the links to the Single Integrated Plan and Corporate Plan priority services/areas with emphasis also given to the development of value for money assessments in challenging resource allocation. 5. The impact of both new and existing burdens/budget pressures is continually being assessed. 6. Alternative methods of service delivery and working practices are being identified and evaluated. 7. Further proposals to meet estimated budget deficits will reflect the need to align the medium-term financial strategy, asset management strategy and workforce strategy to inform and support achievement of the Council's Corporate Priorities.
<p>Scrutiny Arrangements</p>	<p>The Scrutiny function is developing following the Estyn Inspection in 2012. The Authority reviewed its scrutiny committee arrangements and now undertakes the scrutiny of its education services through the work of two scrutiny committees. The School's scrutiny committee focuses on school related services and school performance, and the Social Services and Social Regeneration scrutiny committee on the community facing education services. All the work programmes for 2014/2015 were designed to be more robust to ensure that key issues were addressed; relevant LAESCYP items were shared across committees; Cabinet Members attended specific meetings; and key corporate issues (e.g. budget, performance, transformation programme) were common to all committees.</p> <p>The WAO Annual Improvement Report for 2014/2015 found that:</p> <p><i>"Scrutiny challenge is developing but remains variable with strong and weak committees. A strong chair is critical to effective scrutiny management and good examples are evident, however there are also weaker examples where scrutiny remains too officer led. There are examples where the Council has used pre-decision scrutiny to good effect, and consideration should be given to extending its use to further reinforce the quality of key decision-making."</i></p> <p><i>"Training for scrutiny members is in place, and has been supported by the Centre for Public Scrutiny (CfPS) to develop a training programme to help drive consistency and generally improve scrutiny as a whole."</i></p> <p>In order to further strengthen the scrutiny process there was a further restructure of the</p>

Issues	2014-2015 AGS Position & Action Taken/Planned
	<p>scrutiny committees late 2014/15 with all LAESCYP matters now being considered by the Learning and LAESCYP Scrutiny Committee, and the responsibilities of the Scrutiny and Audit Chairs Liaison Group now being more formalised and the responsibility of the Governance, Performance, Business Change and Corporate Services Scrutiny Committee. The membership of the latter of the aforementioned scrutiny committees consists of the Chairs and Vice Chairs of all the scrutiny committees, together with the Chair of the Audit Committee.</p>
<p>Internal Audit Service staff resource</p>	<p>The Internal Audit Service was not fully resourced for a proportion of the 2014/2015 financial year. The Audit Manager was able to reduce the impact this had upon the level of audit coverage provided by:</p> <ul style="list-style-type: none"> • Employing an Internal Auditor via a recruitment agency on a fixed term contract. • Using a risk based approach to ensure that the highest priority areas of the annual plan were audited. • Targeted use of available resource. <p>This ensured that the work completed was sufficient to discharge the Council's responsibilities under the Accounts and Audit (Wales) Regulations 2014.</p> <p>Going forward approval has been granted to undertake recruitment activity to ensure that the Internal Audit Service is fully resourced.</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Councillor Brendan Toomey
Leader of the Council

Gareth Chapman
Chief Executive

Appendix 1

In determining what may constitute a significant governance issue, the following was taken into consideration:

A single definition of a significant governance issue is not possible. Councils need to exercise judgement in deciding whether or not a particular issue should be regarded as falling into this category, but factors that may be helpful in exercising that judgement include:

- The issue has seriously prejudiced or prevented achievement of a principal objective.
- The issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business.
- The issue has led to a material impact on the accounts.
- The audit committee, or equivalent, has advised that it should be considered significant for this purpose.
- The Audit Manager has reported on it as significant, for this purpose, in the annual opinion on the internal control environment.
- The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation.
- The issue has resulted in formal action being taken by the Chief Finance Officer and/or the Monitoring Officer.