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1. Draft lines prepared for topics for First Minister Questions (January 2021).

Lines to take

- This is a matter for Merthyr Tydfil County Borough Council.
- I am aware officials, on Monday 4 January, sought assurance from the Council that appropriate leadership arrangements are being put in place to maintain stability over this period. This included assurance that progress on their improvement journey would be maintained.
- Officials will remain in regular contact with the Council throughout this period.
- The Minister for Housing and Local Government will continue to provide the Council with the statutory support package put in place to help the council address the challenges it faces.
- The Minister for Housing and Local Government issued a Written Ministerial Statement on Wednesday 6 January to inform Members of the Senedd of the matter.

Background

- On Monday 4 January, the Adjudication Panel for Wales published the outcome of the Leader of Merthyr Tydfil County Borough Council's (the Council) tribunal hearing, which has resulted in his seven month suspension.
- While this is a matter for the council, officials have been in contact with the Council's interim Chief Executive, Ellis Cooper, w/c 4 January who has indicated that recent events relating Mr Kevin O'Neill's suspension will not have a negative impact on the day to day running of the Council and delivery of services. He also confirmed that the Council would continue to make progress on their improvement journey as part of the statutory support package.
- The interim Chief Executive has also confirmed that the Deputy Leader, Councillor Lisa Mytton, will represent the Leader's office and cover all engagements and meetings with immediate effect. This interim arrangement will be in place until 3 February (or possibly sooner via a special meeting of the Council) when full Council is due to meet to formally agree a Leader. A report was discussed at full Council confirming this position on Wednesday 6 January.
- The statutory support package provided under section 28 of the Local Government (Wales) Measure 2009 will continue in order to help the council address the challenges it faces.
- The Minister for Housing and Local Government issued a Written Ministerial statement on Wednesday to ensure all members are kept informed.

- In addition, Gerald Jones MP and Dawn Bowden MS have requested an urgent meeting the Minister for Housing and Local Government to consider the best way forward for the Council. The meeting was scheduled for Thursday 7 January.

Officials: Claire Germain / [information redacted - Personal information section 40(2) of FOIA]

Local Government: Transformation and Partnerships

2. Extract from an Update Report to the Minister for Housing and Local Government, from Merthyr Tydfil Improvement and Assurance Board Core Team (January 2021).

- 1. Introduction**
- 2. Covid 19 – Impacts**
- 3. Finance**
- 4. Transformation Plan**
- 5. Governance Issues**

5.1 One area where progress has been particularly difficult is in the area of governance. During the pandemic it has not been possible even to adequately operate within the previous frameworks, let alone to develop and implement revised improved arrangements. The suspension of the Leader of the Council on January 4th by the Adjudication Panel for Wales following a referral from the Ombudsman adds to these governance problems. It reinforces one widely held impression of a council that is characterised by poor conduct. It also chimes with the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control for 2019-20 which he deemed as unsatisfactory.

5.2 The political management of the authority now hangs in the balance with the ruling group having 15 members, which is the same as the opposition Labour group. Two non-aligned independents hold the balance of power. The core team will monitor this situation closely in order to provide the necessary assurances to the Minister. From early discussions it appears that the ruling group will maintain its primacy albeit with the Deputy Leader taking the council leadership role.

- 6. Social Care**
- 7. Education**
- 8. Conclusion**

3. Emails between the Chair of the Improvement and Assurance Board and Welsh Government Officials providing an update on Merthyr (5th – 6th January 2021).

From: Steve Thomas CBE

Sent: 06 January 2021 11:39

To: [information redacted - Personal information section 40(2) of FOIA]

Cc: [information redacted - Personal information section 40(2) of FOIA]

Subject: Re: Merthyr update

Thanks [information redacted - Personal information section 40(2) of FOIA] - With our report I think we will submit next week otherwise we just keep rewriting it. We have been in regular close contact with Audit Wales and I don't think they are going to say anything radically different from ourselves. Indeed I think if we both reach similar conclusions independently of each other that could be more cogent. With the suspension of the leader, the settlement outcome and other factors like the social services inspection result I think we have reached a good narrative point.

I'm attending tonight's council and will report back any problems, although none are anticipated. Last night the Leader of the Labour Group sent me the following public statement-

"It came as a surprise to learn from the media that, Kevin O'Neill, the leader of the Independent led council has been suspended as an Independent councillor following very serious allegations and failings under the Local Authority's Code of Conduct. A complaint that was not initiated by the Labour group.

As the opposition Labour group on Merthyr Tydfil County Borough Council we will always continue to speak up for the needs of the citizens of the County Borough and ensure that we are able to make decisions which help to protect vital local services.

It is a priority that all our energy is focussed on helping to meet the real needs of local residents during these very difficult times'.

While it appears that councillor O'Neill may be considering an appeal I suspect the chances of this being heard or the outcome reversed are weak. Consequently, I think it might be time for the Minister to seek a meeting with the new leader possibly after she has received all relevant documentation for the team and from Audit Wales?

Cheers Steve

On Wed, 6 Jan 2021 at 11:03, [information redacted - Personal information section 40(2) of FOIA] wrote:

Good morning Steve,

Just to confirm – Audit Wales are expected to report on their monitoring work of Merthyr at the end of this month and as a result we will wait to have sight of their findings before we conduct our review of the current statutory support. As Claire said below, you may also wish to hold your latest report until then too.

In addition, you will wish to be aware the Minister for Housing and Local Government issued the following Written Statement this morning. Cllr Mytton and Ellis are aware.

<https://gov.wales/written-statement-merthyr-tydfil-county-borough-council-2>

Many thanks,

[information redacted - Personal information section 40(2) of FOIA]

From: Germain, Claire (EPS - LG:T&P) <[information redacted - Personal information section 40(2) of FOIA]>

Sent: 05 January 2021 10:28

To: Steve Thomas CBE <[information redacted - Personal information section 40(2) of FOIA]>

Cc: Kilpatrick, Reg (EPS - LG Director) [information redacted - Personal information section 40(2) of FOIA]

Subject: RE: Merthyr update

Hi Steve,

Thanks for the update – certainly a lively start to the new year! Will be interesting to see how the council meeting goes tomorrow. We're also planning to have a quick chat with Ellis to get his perspective on developments and reinforce our shared messages about maintaining focus on improvement.

Audit Wales are meant to be concluding their assessment of progress against the key risks they identified around now too – if that is imminent (we'll check) would you want sight of that before you submit your progress report?

Best wishes

Claire

From: Steve Thomas CBE [information redacted - Personal information section 40(2) of FOIA]

Sent: 05 January 2021 10:17

To: [information redacted - Personal information section 40(2) of FOIA] Germain, Claire (EPS - LG:T&P) [information redacted - Personal information section 40(2) of FOIA]

Cc: Kilpatrick, Reg (EPS - LG Director) [information redacted - Personal information section 40(2) of FOIA]

Subject: Merthyr update

Reg, Claire and [information redacted - Personal information section 40(2) of FOIA],

Many thanks for the copy of the letter yesterday to the council. A fair number of calls later this is the update position.

I have spoken to a range of officers and to Darren Roberts, leader of the Labour Group. They meet this evening although there looks like little appetite in the Labour Group to make a play for the leadership of the council at present. They are worried about the perception of politicking during a pandemic. Equally they are concerned that with a 7-month suspension for the leader that the independents will have the right numbers mid-year. It also looks like the maverick independent Councillor Tony Rodgers may be on board with the ruling group.

I did point out to Darren that with a vaccine coming and a decent settlement that it wouldn't shock anyone if Labour did make a move but I also think the proximity to Assembly election is a factor. If a different position emerges from the Labour Group Councillor Roberts has promised to keep me updated.

It looks like Lisa Mynett is being lined up for the Leaders position although this will only be clear after the council meets on Wednesday, which I have agreed to attend. Our messages have been simple and reinforce the line in your letter. In short, whatever happens sort yourselves out quickly and don't drop the transformation or the governance ball.

We have finalised the progress report for the minister and will submit it after Wednesday when hopefully the governance issues will be dealt with.

Happy New Year (what do you think of it so far?)

Cheers Steve

4. Merthyr Tydfil County Borough Council – Scoping document for evaluating the third phase of statutory support (22nd January 2021).

Merthyr Tydfil County Borough Council

Scope for evaluating the third (current) phase of statutory support

Purpose

1. In August 2020, the Minister for Housing and Local Government agreed for the third (current) phase of statutory support package provided to Merthyr Tydfil County Borough Council under section 28 of the Local Government (Wales) Measure 2009 to be reviewed in late 2020 / early 2021 in ensure that it remains fit for purpose and continues to provide added value.
2. This document sets out a proposed approach to considering the effectiveness of the current support package and the Council's progress made in addressing their key risks, identified by Audit Wales in March 2019.

Background

3. The Minister for Housing and Local Government originally agreed to provide a phased statutory support package to the Council in June 2019, following a request from the then Leader for statutory support.
4. The first phase (undertaken between July and September 2019) including an initial scoping review by external adviser, John Gilbert, in order to provide the Council with rigorous independent assessment of the Council's key challenges and what actions were needed to make necessary changes.
5. The second phase (October 2019 – August 2020) was focussed on taking forward the findings and recommendations from John Gilbert's scoping review – it consisted of three strands:
 - i. The establishments of an Improvement and Assurance Board
 - ii. Member and Officer support and training
 - iii. The appointment of short term external advisers on specific areas

Current (third) phase of statutory support

6. The Council submitted its Recovery, Transformation and Improvement Plan (the Plan) in July 2020, which marked a critical point in Merthyr's improvement journey and also for the statutory support package.
7. In August 2020, the Minister agreed that the statutory support package would be reshaped in to a third phase of support to the Council focussed on supporting the Council to implement and deliver its Plan effectively.

8. The third phase currently consists of the same three core strands as the second phase but refocused to ensure they are appropriately targeted at supporting the Council to implement and effectively deliver against the plan.

Consideration of the effectiveness of the current (third) phase

9. The overall purpose of providing the statutory support package is to ensure the Council can fulfil its ambitions to provide good quality services to the people of Merthyr Tydfil and is based on bolstering their own ability to improve and transform. Therefore it is important to ensure that the statutory support being provided is effective. As a result the Minister for Housing and Local Government agreed to further consider the statutory support package again during late 2020 / early 2021 in order seek assurance that the support remains fit for purpose and continues to add value to the Council's improvement journey.

Considering the effectiveness and future requirements of the support package

10. As part of considering / reviewing the effectiveness of each strand of the current phase of the support package Welsh Government officials will consider:

Is the Council making progress against the key risk areas identified by Audit Wales in their letter to the Council in May 2019?

Is the support package effective in assisting the council to make progress and secure sustained improvement?

The risk areas identified by Audit Wales are summarised below:

- The financial situation
- Service pressures:-
 - Concerns over the Council's governance arrangement for its Leisure Trust
 - Education performance at key stage 4 is unsatisfactory. Attendance is an issue for both primary and secondary. Education performance is ranked 22nd out of 22 when compared to other Welsh councils.
 - Unprecedented demand around looked after children. In 2018-19, the Council overspent its social care budget by approximately £1.3m.
 - The Council could not demonstrate that it is delivering all its statutory environmental health services.
- Leadership and capacity – concerns about the lean management structure in the Council.
- Governance and scrutiny – identified weaknesses in the Council's scrutiny and governance arrangements.

11. Should the review conclude that support package is not assisting the Council to secure sufficient improvement, or sustainable improvement, then this raises a broader question about the longer term sustainability of the Council.
12. The support package is about assisting the Council to address its risks and challenges therefore, in the context of this review, any consideration to given to the Council's longer term sustainability should focus on whether the support package, or any form of support, is likely to deliver sustained improvement to the point that statutory support is no longer needed and there is assurance that the council can drive its own improvement. If it does not, consideration will have to be given to what further longer term action **beyond a statutory support package** needs to be taken.
13. In order to address these questions there are number of evidence based reports which will help identify the progress has made and identify further support which may be considered going forward:
 - Audit Wales monitoring report
 - Independent Chair's latest position statement
 - Intelligence received from the independent chair and external members of the Improvement and Assurance Board
 - External advisers appointed as part of the statutory support package
 - The Council's progress to date on implementing and delivering against their Recovery, Transformation and Improvement Plan.
14. Welsh Government officials will review this range of evidence when considering the above questions (as per paragraph 8) in order to provide options for any further action needed to be taken and/or longer term options for transformation.
15. Subject to the outcome of the review, there may well be a clear need to modify and / or escalate the terms of the existing support package or to consider developing a longer term plan for the Council which is beyond the remit of sections 28 and 29 of the Local Government (Wales) Measure 2009. Therefore officials will provide advice to the Minister in order to consider the range of options available (and for further discussions with the Council's Leadership.

5. The Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis produced by the Improvement and Assurance Board core team (February 2021).

STRENGTHS.

- I. New political leadership within the council brings stability, a renewed focus to drive performance and safeguards sustainability over the short and medium terms.
- II. Internally, Member - officer relations have significantly improved over the last period.
- III. Externally, partnership working with Welsh Government, the NHS and other public services has accelerated during the recent pandemic and has been productive.
- IV. The council has responded effectively to the pandemic with the Council leading nationally in some key areas, including provision of business grants, food distribution, mass testing etc.
- V. The recovery, transformation and improvement plan (RTI) produced by the council sets a framework for a new operating model combined with a different service culture.
- VI. The council has embraced new ways of working throughout the pandemic which could act as the foundation for a new digital strategy and community focused services.
- VII. The council has managed to control anticipated budget overspends in certain areas through close attention to detail and positive engagement of service managers and Cabinet members. This, together with two years of reasonable financial settlements, allows breathing space and opportunity to build a “fighting fund” going forward.
- VIII. CIW inspection of social care was largely positive and reports examples of good practice in respect of the strategic direction required by the Social Services and Well-being (Wales) Act 2014.
- IX. The council has recognised the need for improvement in education, and the foundations are in place through the new Education Partnership Panel to drive improvement by bringing together all the sectors involved in delivering education in Merthyr Tydfil.
- X. The council has put in place an Economic Recovery board developing a borough-wide economic recovery plan, including a post-Covid-19 recovery plan.

- XI. Many of the council's "clean green and safe" service perform well despite significant cuts to their budgets over previous years.

WEAKNESSES.

- I. There are changes required to ensure that the council's management structure is optimal and that permanency arrangements in terms of senior positions are fixed and stable.
- II. The council's budget setting process remains one that is dominated by "short termism" with lack of a strategic longer-term focus. Annual budget savings are still based on a myriad of small savings rather than more significant changes to service delivery options.
- III. There is currently no well- developed investment and savings plan to support achievement of the recovery, transformation and improvement plan.
- IV. Despite the capacity review the council staff structure remains severely challenged in key areas in term of resilience and strength in depth. There remains an over reliance on key personnel.
- V. There is no systematic approach to regular production of a Corporate Performance Dashboard that senior management or members could use to see improving/worsening trends.
- VI. The physical resources required to drive the recovery, transformation and improvement plan are yet to be put in place. For example there is only one member of staff in organisational development.
- VII. The scrutiny function is variable and sometimes prone to self-congratulation. There is minimal evidence of a robust culture of internal challenge amongst officers and members Improvement work required in this area has regrettably stalled as a result of the pandemic.
- VIII. In the education service there are huge challenges post pandemic to ensure an unrelenting focus on improving educational outcomes for children and young people and to significantly improve Merthyr's relative position at a national level.
- IX. In social services while there is more resilience in the service but there remains considerable fragility through lack of capacity. More work is needed to embed a performance management culture.
- X. In relation to senior recruitment into the council it is clear that current "Merthyr Tydfil offer" is not proving attractive to suitably qualified external candidates and thus the council is constantly reliant on internal recruitment.

- XI. The HR function does not fulfil the needs of the council in terms of developing and implementing an effective workforce strategy.
- XII. Prior to the pandemic the council appeared to be have gained limited tangible outcomes and benefits from partnership activity with other councils.

OPPORTUNITIES.

- I. The work of members and staff throughout the pandemic has been impressive and demonstrates real commitment to serving the people of Merthyr Tydfil. This can be carried forward.
- II. The new political leadership of the council allows for a revised focus and greater collegiate working between political groups and local Members of the Senedd and MPs.
- III. The council has the opportunity to prove as it comes out of the pandemic that small-scale governance combined with an intimate knowledge of local service delivery can be a real asset.
- IV. The council RTI plan offers members the clear opportunity to drive transformation and ensure robust performance monitoring.
- V. The economic development offer for the area has significant potential with projects such as Rhydycar West and the Crucible project. (There is considerable work still needed to bring these opportunities to fruition).
- VI. Opportunities are now in place to improve the education service with increased commitment from the South Wales Central consortium and the necessary frameworks to deliver the required scale and pace of improvement.
- VII. Better project and business management in social services has created a stronger departmental infrastructure for future strategic and service developments.
- VIII. The headroom afforded by a reasonable financial settlement can and should be used to support the Council's financial sustainability.
- IX. The appointment of a Cabinet member with responsibility for transformation and commercialisation will give focus to this important element of the Council's future work.
- X. The review recently undertaken of the HR function provides an opportunity for improvement.
- XI. There is an opportunity to strengthen community cohesion arising from the community spirit generated during the crisis that has seen individuals, groups and organisations responding to this crisis by supporting others in their community. (see threats)

THREATS.

- I. The impact of the pandemic on the county borough has been devastating. At one point Merthyr Tydfil had the highest cases per 100,000 in the UK. The effect of this will be felt on the community for many years.
- II. There may be a sense of traumatic stress both physical and mental within large parts of the community that will need to be addressed.
- III. The impact of the pandemic on children is particularly concerning in terms of mental health, poverty and the impact on education. It is vital that appropriate steps are taken to help pupils catch up on teaching missed during the coronavirus lockdown since March 2020.
- IV. It is likely because of the factors highlighted above that there could be a dramatic increase in the caseload for social care particularly in terms of looked after children and adults needing increased care and support. These will also be key issues for schools.
- V. The potential scale of the post pandemic economic crisis should not be underestimated by the council, many of the economic indices on youth unemployment are already disturbing.
- VI. Merthyr Tydfil's reliance on the retail sector in recent years could prove problematic, the economic recovery board will need to accelerate its focus on diversification into identified areas like tourism and newer digital/green industries.
- VII. The social cohesion of the area as a post-industrial town is fragile and has seen a long-term and widescale decline in the networks and institutions that constitute its social fabric. There has been an increase in anti-social behaviour rates during the pandemic.
- VIII. The outlook for the public finances is not good. It is likely that the recent period of positive finance settlements could draw to close in the short term as the Chancellor seeks to deal with the huge deficit and the levels of public borrowing.
- IX. As a result of the above the threat of decreasing finances in the short term could be exacerbated if the council does not move towards more strategic planning in its budget preparation.
- X. The pace of change and the scale of problems faced by the council and its workforce means that a sense of exhaustion has set in, even though it is likely that the recovery period will be characterised by similar intensity.

- XI. There are council elections in 2022 and again there is a danger of taking the political and officer “eye off the ball” when it comes to transformation and recovery.
- XII. The Core Team of the Improvement and Assurance board retain the view that the council will need ongoing support over the forthcoming year when it can gauge the longer-term prospects for sustainability.

6. Email from the Chair of Improvement and Assurance Board responding to the scope for evaluating the third phase of statutory support (29 January 2021)

From: Steve Thomas CBE [information redacted - Personal information section 40(2) of FOIA]

Sent: 29 January 2021 16:28

To: [information redacted - Personal information section 40(2) of FOIA] Germain, Claire (EPS - LG:T&P)

Cc: [information redacted - Personal information section 40(2) of FOIA]

Subject: Scope for evaluating the third (current) phase of statutory support

[information redacted - Personal information section 40(2) of FOIA] and Claire thanks for sending this document for comment. We have added one paragraph about the work of the board in red and also a line about the fact that their work has carried on throughout the pandemic albeit not on site. We have previously spoken about the Ministers intention to review all this documentation in the round including the Audit Wales report when it is finalised and our latest position statement.

It was our view that the meeting that occurred yesterday with the new leader and today's board showed more encouraging signs on the authorities intent to grasp the transformation programme. Equally we were heartened by the announcement that a Cabinet member will be designated to drive this at the political level. These are green shoots and they should be celebrated. There remains however issues which continue to spring up from sources around the council. The fact that the council has not been able to recruit a senior ALN manager is not untypical when it comes to senior recruitment. The board highlighted some systems problems in terms of HR which [information redacted - Personal information section 40(2) of FOIA] will pick up in his work. However we remain concerned that constant recourse to internal recruitment does not allow for fresh faces or new thinking within the council and is a structural weakness.

Can we ask when finalised with the Minister following receipt of the Audit Wales report that we hold a meeting with you to plan the way ahead. It is our intention on the board to do a deep dive into a wider range of service issues facing the council as we did today with the economy and homelessness. This will include agenda items on Environmental health and the wider environment, the position of the leisure trust, children's services and waste management. We will also need to scrutinise the work that is done on the HR review which could be delicate.

Hope this assists

Cheers