



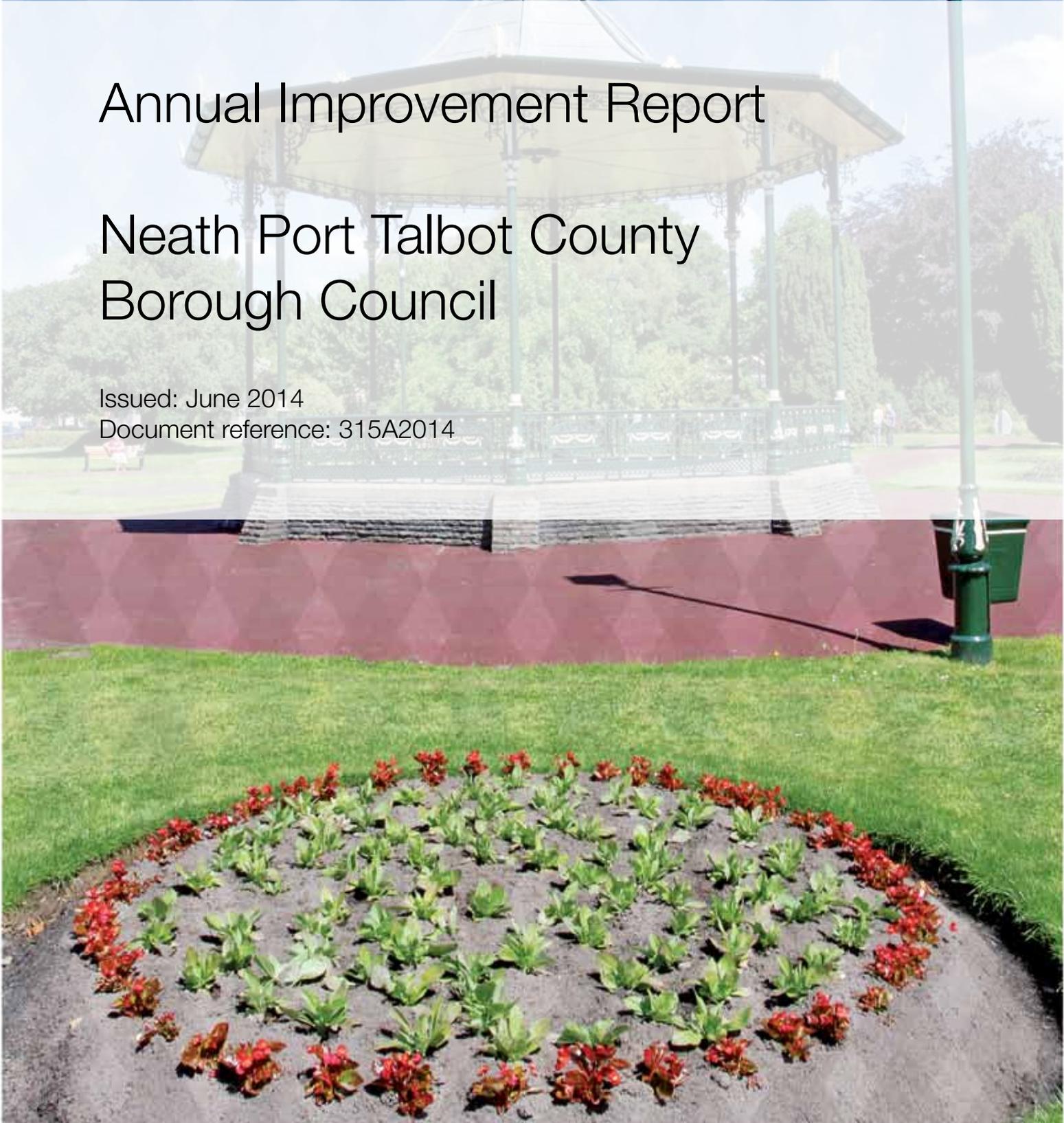
WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Neath Port Talbot County Borough Council

Issued: June 2014

Document reference: 315A2014



About the Auditor General for Wales

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

Together with appointed auditors, 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.

This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Steve Barry, Samantha Spruce and Tim Buckle under the direction of Jane Holownia.

Contents

Summary report	4
Detailed report	
Introduction	6
The Council has made some improvements, such as in Education, Adult Social Services and Community Safety but particular challenges remain in Children's Services	7
The Council is taking appropriate steps to improve its ability to evaluate its own performance	13
The Council is reviewing and changing its arrangements for planning and supporting improvement to meet the challenges ahead	17
The Council is likely to make appropriate arrangements to secure continuous improvement for 2014-15	21
Appendices	
Appendix 1 Status of this report	22
Appendix 2 Useful information about Neath Port Talbot and Neath Port Talbot County Borough Council	23
Appendix 3 Annual Audit Letter	25
Appendix 4 Neath Port Talbot County Borough Council's improvement objectives and self-assessment	28

Summary report

Summary

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. This report sets out the findings of the work undertaken on behalf of the Auditor General by the staff of the Wales Audit office and also work of the relevant Welsh inspectorates. The report covers Neath Port Talbot County Borough Council's (the Council) delivery and evaluation of services in relation to 2012-13, its planning of improvement for 2013-14 and, taking these into account, concludes whether the Auditor General believes that the Council will make arrangements to secure continuous improvement for 2014-15.
- 2 We found that, in 2012-13, the Council has made some improvements in Education, Adult Social Services and Community Safety but particular challenges remain in Children's Services:
 - the Council's standard of performance across a range of services is a mixed picture of improvement and deterioration: including improvements in Education but a drop in performance in some aspect of Children's and Young People's Services;
 - the Care and Social Services Inspectorate for Wales (CSSIW) reports have highlighted improvement in services for older people and vulnerable adults, but progress in Children's Services has not yet resulted in consistent improvement in performance and quality across the planning and delivery of Children's Services;
 - Community Safety activity is contributing positively to the delivery of the Council's wider improvement objectives, but the Council does not yet have strategic oversight to enable it to plan for the changes facing services;
 - the Council's performance in administering housing benefit is disappointing in comparison with the progress made last year;
 - the Council is in the process of addressing our proposal for improvement to implement a consistent staff performance appraisal system;
 - the Welsh Language Commissioner (the Commissioner) identified that the Council has prepared an action plan to implement its Welsh Language Scheme and establish standards of practice; and
 - the Public Services Ombudsman for Wales noted that there was a small decrease in the number of complaints against the Council.
- 3 We also found that: the Council is taking appropriate steps to improve its ability to evaluate its own performance:
 - the Council's performance report was published on time, gives a balanced picture of progress and complies with Welsh Government guidance;
 - the Council is enhancing its performance management arrangements and is addressing an inconsistent approach adopted by its services, which has made it difficult to fully evaluate progress; and

- the Council complied with financial reporting requirements and is proactively managing its funding gap.

4 Finally, we found that, during 2013-14, the Council is reviewing and changing its arrangements for planning and supporting improvement to meet the challenges ahead:

- the Council's Improvement Plan for 2013-14 incorporates most of the recommended elements from the Welsh Government guidance;
- the Council is looking to further develop its scrutiny arrangements;
- the Council is developing savings strategies and focusing its resources to achieve its key priorities; and
- the Council is refining its performance management and reporting arrangements.

5 Based on the conclusions outlined in this report, the Auditor General considers that the Council is likely to meet the requirements of the Local Government (Wales) Measure 2009 (the Measure) for 2014-15.

Detailed report

Introduction

- 6 Under the Measure, the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. **Appendix 1** provides more information about the Auditor General's powers and duties under the Measure. With help from Welsh inspectorates, Estyn (for education), the CSSIW and the Commissioner, we have brought together a picture of what each council or authority in Wales is trying to achieve, how it is going about it, and the progress the Council has made since the Auditor General published his last annual improvement report. The report also draws on the Council's own self-assessment. Finally, taking all this into account, the report records the Auditor General's conclusion on whether the Council is likely to make arrangements to secure continuous improvement for 2014-15.
- 7 We do not undertake a comprehensive annual review of all of the Council's arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge and the findings of prioritised work undertaken this year.
- 8 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- 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.
- 9 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@wao.gov.uk or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

The Council has made some improvements, such as in Education, Adult Social Services and Community Safety but particular challenges remain in Children's Services

The Council's performance has been mixed, including improvements in Education but a drop in performance in some aspects of Children's and Young People's Services

- 10 National Strategic Indicators (NSIs) are used to measure the performance of local authorities at a national level and focus on key national strategic priorities in comparison with last year. Data for 2012-13 about the Council's performance across a number of services, showed that nearly 43 per cent of the 30 NSIs are showing improvement but 26 per cent have worsened. Public Accountability Measures (PAMs) are a small set of 'outcome-focused' indicators, which reflect those aspects of local authority work which local authorities agree are considered to be important in terms of public accountability. Of the Council's 14 PAMs, 50 per cent have improved, whereas 28 per cent have deteriorated.
- 11 According to the Council's own analysis, performance has improved or been maintained in 65 per cent of its NSIs/PAMs during 2012-13. This is a decline from the previous year. The Council attributes this reduction to being mainly due to a drop in performance of some of the measures relating to Children's and Young People's Services. For example, there has been an increase in the number of looked-after children with more than three placements within the year – a rise from 6.7 per cent to 8.7 per cent; also more looked-after children experienced one or more changes in their schools – a rise from 10.4 per cent to 15.8 per cent.
- 12 On a more positive note, the Council also notes that out of the 11 Education-related NSI/PAM measures, 10 have improved and one has achieved maximum performance. For example, the number of pupils achieving Key Stage 2 has increased from 77.4 per cent to 80.6 per cent. Also, the percentage of children with special education needs issued with final statements reached 100 per cent.

The Care and Social Services Inspectorate for Wales reports have highlighted improvement in services for older people and vulnerable adults, but progress in Children's Services has not yet resulted in consistent improvement in performance and quality across the planning and delivery of Children's Services

The Care and Social Services Inspectorate for Wales reports that the Council is making steady improvement in services for older people and vulnerable adults, but performance remains below Welsh average in some areas

- 13 The CSSIW regulates social care and social services in Wales. The organisation provides independent assurance about the quality and availability of social care in Wales and helps safeguard adults and children, making sure that their rights are protected.
- 14 In its *Annual Review and Evaluation of Performance for 2012/2013*, the CSSIW states that the Council's Adult Services have made steady progress. A copy of the CSSIW Annual Review can be found on: www.cssiw.org.uk/docs/cssiw/report/140131npten.pdf.

- 15 The Council has included the CSSIW's recommended areas for development in Adult Services within its own improvement objectives. To date, good progress is being made to address these areas. The Council has provided evidence of improvements in performance within Adult Services across a range of key performance indicators and measures:
- for the second year running, there was a reduction in the level of delayed transfers of care for social care reasons, however, it is still above the Welsh average and is 16th out of 22 authorities;
 - the rate of older people supported in the community has increased to 99.98 per cent, hitting the Council's annual target and is now above the Welsh average of 79.4 per cent; and
 - the Council supported 149 more people during 2012-13 than 2011-12, and therefore exceeded its targets.
- 16 However, performance remains below Welsh average in some areas; for example, the percentage of clients supported during the year in the age groups over 65 years failed to maintain performance and the Council is now below the Welsh average and is 20th (out of 22 councils) in Wales.

The Care and Social Services Inspectorate Wales concluded that although the Council has made progress in improving its Children's Services, this has not yet resulted in consistent improvement in performance and quality across the planning and delivery of Children's Services

- 17 In November 2012, the Council's Children's Services was made subject to the CSSIW's serious concerns protocol. Since November 2012, the CSSIW has been undertaking quarterly monitoring visits to evaluate if the issues that led to the protocol were being addressed. The service was inspected in November 2013 and the subsequent report was published by the CSSIW in January 2014.
- 18 The CSSIW recognises that whilst there has been significant effort and investment to secure short-term improvement, it is concerned as to whether the approach being taken and the resources being provided are sufficient for securing sustainable improvement in the longer term. The slow pace of improvement is resulting in higher costs in comparison to spending on Children's Services in other similar councils.
- 19 In 2012-13, eight of the 12 comparable indicators fell below the Welsh average. The Council reports that for 2013-14, performance has improved with nine out of 12 indicators being above the Welsh average.

20 In conclusion, the CSSIW reports that it is evident that the Council is making progress overall in implementing the strategic improvement plan, put in place as a result of the 'serious concerns protocol'. 'However, despite the significant amount of work which has been carried out this has not as yet resulted in consistent improvement in performance and quality across the planning and delivery of Children's Services. Considerable effort and additional resources including invaluable HR support have been invested in the workforce strategy which has led to a significant reduction in vacancies and long-term sickness. It is vital that the local authority has a stable, competent and resilient workforce to deliver safe and effective services to children and families. Further work is needed to retain the recently achieved stability of the workforce which remains very fragile.' The full CSSIW report can be found at:
www.cssiw.org.uk/our-reports/local-authority-report/2013/140131npt-child-services-inspection/?lang=en.

Community safety activity is contributing positively to the delivery of the Council's wider improvement objectives, but the Council does not yet have strategic oversight to enable it to plan for the changes facing services

- 21 Since the implementation of the Crime and Disorder Act 1998 in England and Wales, it has been generally understood that Community Safety needs to be strategically commissioned and managed by a local partnership.
- 22 In the Neath Port Talbot County Borough area, the Safer Neath Port Talbot Partnership (SNPTP) is responsible for delivering key objectives in the area's Single Integrated Plan 2013-2023, to ensure 'that the people of Neath Port Talbot feel safe and are safe'. Community Safety is one of the key priorities in the Council's own Community Plan 2005-2015 and, in its recently published Corporate Plan 2013-2016, the Council also refers to this objective and recognises its contribution towards achieving it.
- 23 Major changes will affect how Community Safety is planned and delivered. They include the impact of the election of Police and Crime Commissioners (PCCs) throughout Wales and the Welsh Government's regionalisation programme, which encourages councils and partners to work more closely together in order to achieve greater efficiencies. This changing environment led to the Council requesting the Wales Audit Office to review local

Community Safety arrangements. The review focused on whether the Council is in a good position to manage the changes to Community Safety structures.

24 From our review, we found that Community Safety activity is contributing positively to the delivery of the Council's wider improvement objectives, but the Council does not yet have strategic oversight of the full range of activities to enable it to plan for the changes facing services. We reached this conclusion, because:

- Although the SNPTP has appropriately discharged a strategic function, current arrangements mean that the Council's elected members have had a limited strategic role in the planning of Community Safety. A more clearly defined role is important given the rationalisation of operations, and the fact that Community Safety delivery relies on external funding from a variety of sources, which is often short-term and therefore presents difficulties in forward planning.
- There have been successes in the operational delivery of Community Safety. The Youth Offending Team can demonstrate significant achievement, having helped to significantly reduce youth crime in the Neath Port Talbot area. Also changes to the governance arrangements for Youth Offending Services across Council boundaries and delivery mechanisms are being planned to prepare for forthcoming regional working developments. The area's Domestic Abuse service providers are

improving governance arrangements to help prepare for change. The providers are facing significant adjustments to funding and delivery structures, accompanied by a need to improve services by strengthening links with the police and the Council's Social Services.

- The Council lacks its own strategy for managing future structural change which will affect Community Safety activity. Although responsibilities for individual aspects of Community Safety within the Council are clear, there are no arrangements in place to ensure strategic oversight and planning at member level. Furthermore, the potential impact of regional delivery of some areas of Community Safety services is unclear.
- And, finally, it is unclear how the Council will seek to influence decision making by the PCC.

The Council has taken positive steps to improve waste management performance

25 A review by the Council of its performance in recycling, composting and reuse of waste towards the end of 2012-13 revealed that the target of 52 per cent set by the Welsh Government would not be met. The out-turn figure achieved for 2012-13 was 48.33 per cent. This put the Council at risk of attracting a fine from the Welsh Government. In response, the Council set waste as one of its six priorities in the Corporate Improvement Plan 2014-2017 and amended its Municipal Waste Strategy to increase recycling, composting and reuse in March 2013 for immediate implementation. The

measures introduced involved substantial investment to remodel the service including the introduction of smaller wheeled bins and resulted in a forecast improvement in performance to 54.01 per cent for 2013-14.

The Council's performance in administering housing benefit is disappointing in comparison with the progress made last year

26 We reviewed the processes by which Welsh councils administer housing benefit. In the Council, we found that applicants had decreased by roughly one per cent to just over 20,170 claimants in February 2013. This is in contrast to the national average of a three per cent fall.

27 Last year, we reported improvements to the Council's processing of housing benefit; however, this year we found the Council's performance to be disappointing, for example:

- The average time taken by the Council to process new claims in 2012-13 has marginally risen from 16 days in 2011-12 to 17 days in 2012-13. This still remains better than the Welsh average of 20 days in 2012-13.
- The average time taken by the Council to process change in circumstances was 12 days in 2011-12 and 16 days in 2012-13. This is significantly worse than the Welsh average of six days in 2012-13.

- The level of overpayments recovered from claimants fell from 86 per cent in 2011-12 to 68 per cent in 2012-13. This is lower than the Welsh average of 73 per cent in 2012-13.
- The recovery of 'previous years' overpayment has remained the same at 25 per cent in 2011-12 and 2012-13. Again this is lower than the Wales average of 32 per cent in 2012-13.

28 However, on a more positive note, we also report that:

- The Council has maintained a relatively high level of performance as regards the percentage of new claims decided within 14 days at 91 per cent in 2011-12 and 2012-13. This is better than the Welsh average of 88 per cent for 2012-13.
- Accuracy in processing claims remains at 100 per cent for 2011-12 and 2012-13. This is better than the average in Wales of 94 per cent in 2012-13.
- The number of appeals received by the Council has fallen from 17 in 2011-12 to 11 in 2012-13. The Council still takes 21 days to process appeals in both 2011-12 and 2012-13. However, this is better than the Welsh average of 38 days in 2012-13. The percentage of appeals submitted to the Appeals Service within four weeks is 100 per cent in 2012-13 and is consistent with previous years. This is significantly better than the Welsh average of 51 per cent in 2012-13.

The Council is in the process of addressing our proposal for improvement to implement a consistent staff performance appraisal system

- 29 In 2011, we recommended that the Council should adopt a robust and consistent system for monitoring and appraising the performance of its staff.
- 30 The Council has since undertaken a review of its performance management arrangements which was completed in 2013-14. The review was supported by an external 'critical friend', funded by the Welsh Local Government Association.
- 31 The Council is now in the process of implementing a new performance appraisal framework for its chief officers and heads of service. The Council is also enforcing use of its predecessor corporate performance appraisal system for all other staff with a stronger emphasis on completing employee development reviews. We will review the Council's progress as part of our forthcoming Corporate Assessment.

The Welsh Language Commissioner identified that the Council has prepared an action plan to implement its Welsh Language Scheme and establish standards of practice

- 32 The role of the Commissioner was created by the Welsh Language (Wales) Measure 2011. It is expected that new powers to impose standards on organisations will come into force through subordinate legislation by the end of 2014. Until that time, the Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 33 The Commissioner works with all 22 councils in Wales to inspect and advise on the implementation of their 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 must provide an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme.
- 34 The Council has prepared an action plan for the coming year to implement its Welsh Language Scheme and establish standards of practice. The action plan will introduce the development of an editorial policy and a process to help the Council's website comply with the Language Scheme. The Council is also considering the need to introduce more Welsh language services online. The Council continues to take steps to implement its Welsh Language Scheme as part of its impact assessments, as it considers changes to its budgets and services.

The Council is taking appropriate steps to improve its ability to evaluate its own performance

35 The Council must publish a report of its 2012-13 performance, by 31 October 2013; a copy can be found on the Council's website using the following address:
www.npt.gov.uk/default.aspx?page=7668.

36 The Welsh Government has passed legislation and published guidance that all councils must follow when publishing such information. The Auditor General is required to assess whether the Council has complied with the legislation and has met the guidance; he must also publish his conclusions.

37 To enable the Auditor General to reach a final conclusion, we undertake an assessment of the Council's report and test a sample of the statements made and the data used by the Council. This assessment determines whether the report presents a fair and balanced picture of the Council's performance. In this section, we report the conclusions arising from our assessment and provide a view of the way in which the Council evaluates its performance.

The Council's performance report was published on time, gives a balanced picture of progress and complies with Welsh Government guidance

38 The Council approved and published its Annual Performance Report 2012-13 (the Report) before the statutory deadline of 31 October 2013. We found the Report to be fully accessible to the public and available both in English and Welsh to download from the Council's website. The Report can also be provided in hard copy upon request; and a bilingual summary of the Report has been produced which has been circulated among various council locations. However, we recommended that the Council should clearly publicise the availability of the Report to its public.

39 We also concluded that the Report maintained a balanced picture of performance in the 2012-13 period. This was done by drawing attention to both the less favourable and improving performance; comparing its current performance with previous years and the Welsh national average and quartile position. It also provided an indication of direction of travel in improvement and highlighted areas of concern.

40 The Report responded to our commentary in last year's letter by broadening the evidence used to support its assessment of performance:

- using case studies and customer satisfaction data to reflect the experiences of service users;

- making reference to financial information in terms of levels of spending and investment; and
- explaining the rationale for collaboration, including examples of collaborative activity that support delivery of improvement priorities.

41 However, the messages would be strengthened if the Council consistently explained whether or not collaboration and partnerships had achieved their intended outcomes.

The Council is enhancing its performance management arrangements and is addressing an inconsistent approach adopted by its services, which has made it difficult to fully evaluate progress

42 We carried out a series of brief reviews to test approaches adopted to performance management in a selection of services and projects to evaluate their quality. The selection was formulated to reflect a cross-section of the Council's improvement objectives. We focused on:

- A Strong and Prosperous Economy Helps Reduce Poverty (Workways project)
- Improving Housing (Homelessness)
- Improving and Regenerating the Environment – Important Community Facilities (Leisure)
- Improving Services for Older People and Vulnerable Adults Residential Care

43 From these reviews, we concluded that a variety of different systems are in place to manage and report performance information. These have arisen due to the Council's ambition to evolve its arrangements for providing services through external providers and improving management approaches such as 'Lean Systems' reviews.

44 The Council's inconsistent approach to performance management has made it difficult for it to fully evaluate progress. A major element of such arrangements include the Council services' ability to self-evaluate and subsequently self-challenge their performance, to analyse the reasons for their successes – or failures – and to apply the lessons learnt in order to improve the way services are delivered.

45 In some instances, the reporting and extent of evaluation could be improved to better enable the Council to assess the impact of these arrangements in terms of efficiency savings and improvement in the quality of services.

46 Our findings and conclusions were as follows:

- Workways is an European Strategic Fund regional project led by the Council's Economic Development Department, which also manages the project's performance on a regional basis. We found that there are robust and effective systems in place to gather and validate information and data; to monitor and evaluate the project's performance; and to establish what outcomes are being achieved. In addition, there is regular

reporting to a series of managerial groups, with challenge and scrutiny from council members and external regulators.

- The Homelessness Service has adopted 'Lean Systems' principles to improve performance. It has developed improved working arrangements such as putting in place a one stop shop approach to fielding telephone calls and has saved officer time. The responsibility for performance management is devolved to the service but it does not report its performance information. Although there is no corporate performance appraisal in place, performance issues are dealt with immediately since the service is data rich and there is regular supervision and one-to-ones. There are no targets reflecting how well the service is expected to perform given the budget and environment it works in and no position in Wales.
- Celtic Leisure Trust (CLT) is an independent organisation working in partnership with the Council for the management of leisure centres and other cultural venues in the county borough. The CLT receives a management fee for providing this service, but the majority of income generated comes from paying customers. The CLT Board timetable for reporting routine performance information focuses on reducing expenditure and increasing participation. There is a hierarchical and team approach adopted to performance management in CLT and clear ownership of targets. The cabinet member for Economic

and Community Regeneration Cabinet Board sits on the CLT Board. A Council officer is responsible for collating the CLT performance data into a Council-approved format. At the time of the audit, no detailed reports on the performance of CLT had been reported/signposted to relevant Council cabinet/boards, although the reports are available on the CLT website.

- Residential home performance information is reported to Cabinet twice a year. The reports organise performance information into five categories: residents; staffing; occupancy; registration; and complaints. Gwalia representatives from both care and construction side are routinely invited to attend scrutiny to provide updates and respond to any questions. Members commented that they had not received such detailed performance information before although scrutiny did not receive performance and financial data together to further improve their ability to gauge improvement. The overview of the performance management cycle refers to three types of activity including: management information submission by Gwalia received on a monthly basis; performance review meetings on a monthly basis between the Council's Performance Manager and Joint Operational Group; and site spot check/monitoring visits. The site spot checks had not been carried out.

47 The Council has recognised the need to introduce a more robust and consistent approach to performance management and has invested time and resource in seeking ways to develop a more comprehensive and defined way to assess its progress. It has recently concluded a major review of its performance management approach, with the aim of enhancing its governance arrangements and improving its ability to self-evaluate.

The Council complied with financial reporting requirements and is proactively managing its funding gap

48 The auditor appointed by the Auditor General to oversee the Council's accounts recently gave his opinion, that the financial statements were generally satisfactory and 'present a true and fair view of the Council's financial position and transactions'.

49 Few concerns were raised about the qualitative aspects of the Council's accounting practices and financial reporting. Furthermore, no significant difficulties were encountered during the audit, and no significant matters were discussed and corresponded upon with management which would have required reporting to the Audit Committee.

50 The Appointed Auditor also noted that the Council has been proactive in managing its growing funding gap to date and has acknowledged that it needs to look at longer-term fundamental changes in the way it operates and delivers its services. Going forward, the extremely challenging financial

position faced by all local government bodies in Wales will have significant implications. The recent budget settlement has resulted in the previously reported budget gap of £22.6 million for 2014-2018 increasing to £38.3 million, with £17.3 million of these savings needing to be made in 2014-15.

51 Overall, the Appointed Auditor was satisfied that the Council has appropriate arrangements in place, but there were areas where improvements can be made. Progress in these areas will be monitored over the forthcoming year. The Appointed Auditor's letter appears in [Appendix 3](#) and provides more detail.

The Council is reviewing and changing its arrangements for planning and supporting improvement to meet the challenges ahead

The Council's Improvement Plan for 2013-16 incorporates most of the recommended elements from the Welsh Government guidance

- 52 The Council published its Corporate Improvement Plan 2013-2016 (the Plan) in May 2013. The Plan contains six improvement objectives which it aims to achieve over the next four years, and includes a general rationale for their selection. The Council has significantly reduced its priorities from 10 in the previous to six, having regard to the need to focus its resources during this period of increasing financial challenges (see [Appendix 4](#) for details).
- 53 Although the Plan complies with the Welsh Government legislation, there are some areas of guidance which should be further considered. The Plan would benefit from more detail, such as:
- clearer milestones and appropriate measures of success;
 - more detailed information explaining why improvement objectives were selected;
 - more information on the consultation process, who were contacted, what their responses were and how the Council responded; and
 - how the Equality Act requirements influenced decision making.

The Council is looking to further develop its scrutiny arrangements

- 54 Between November 2012 and April 2013, some elected members and a scrutiny officer from the Council took part in a Scrutiny Learning Exchange project, facilitated by the Wales Audit Office.
- 55 This involved visits from members and officers from neighbouring authorities to observe the Council's scrutiny meetings and to provide feedback. In turn, the Council's members and scrutiny officer attended and observed other council's scrutiny committees in action to observe how they organised their scrutiny committees. This participation has provided an opportunity for the Council to reflect upon, and develop, its own practices.
- 56 The Council intends to refine its democratic services, of which scrutiny is an important element, through a programme of change. It will begin with a pilot trial with its Policy and Resources Committee which, if effective, will be rolled out to other committee processes.
- 57 Further, because the Council needs to focus on improving Children's Services, it invited the Centre for Public Scrutiny to run a workshop to help develop the quality and effectiveness of the scrutiny committee responsible.

The Council is developing savings strategies and focusing its resources to achieve its key priorities

- 58 The Council is re-affirming its commitment to achieve its improvement objectives by directing its financial resources accordingly.
- 59 The Council recognises the financial demands arising from local key priorities and improvement in Children's Services is its current joint top priority. For 2014-15 the Council will be investing £22 million in its Children's Services. This will fund the professional Children's Services workforce, which has been recruited to over the past 12 months, to improve social work practice and enable better support and outcomes for children and families.
- 60 The Council has identified the need to find savings of £17.3 million during 2014-15 and £38 million over the next four years. The Council has plans in place to save £9 million, and continues to identify potential opportunities and actions to save a further £13.55 million. It is clear that the Council's financial savings strategies will be under intense pressure to meet this scale of budget shortfall and we will continue to monitor progress.
- 61 Effective liaison with its workforce is a key part of the Council's strategy for dealing with the financial challenge it faces. Two workforce agreements have been reached in the past three years which have included:
- a three-year pay freeze for over 7,000 employees;
- application of a one-year pay deduction of up to two per cent based on levels of pay with the exception of the lowest-paid workers; and
 - reduction in overtime and unsocial hours payments, and a new car mileage rate.
- 62 More recently the Council secured approval for the following workforce agreement which came into force on 1 April 2014. The main features include:
- contribution to financial savings by staff agreeing to accept half of their annual notional pay award;
 - renewed effort to further improve attendance;
 - revised temporary pay and grading structure designed to reduce the pay bill costs arising from overlapping pay grades and incremental progression, with exemption for the lowest paid; and
 - changes to Council's staff car parking scheme and further negotiations to staff overtime and working arrangements.

The Council is refining its performance management and reporting arrangements

63 The Council recognises the key risks and challenges it faces in order to continue to improve or at least maintain quality of its services, in a time of ever-increasing financial pressures. It is therefore putting arrangements in place to improve the monitoring, evaluation and reporting of the quality of its services to accelerate any remedial action and better inform decision making. It is also working to ensure that there are clear lines of accountability in place for the effective delivery of its improvement agenda.

64 As mentioned earlier, during 2013-14, the Council undertook a wide-ranging review of its performance management arrangements to strengthen the way it monitors and manages performance, and to ensure the adoption of any changes across the organisation. The outcome of the review highlighted the variety of current practices and how they need to change. New practices introduced include:

- Monthly 'highlight reports' for each improvement objective to assess what progress is being made and what key milestones are being achieved at various intervals. These 'highlight reports' will be scrutinised by the Corporate Directors' Group.
- Major policy decisions arising from the programme will be taken by full Cabinet as opposed to cabinet boards ensuring a broader representation of the executive

and a rounder cross-portfolio point of view. Key issues and project progress will be incorporated into the forward work programmes of the Council's committees.

- Strengthening the scrutiny process by adopting an approach which will empower the chair of scrutiny to hold cabinet to account.
- Reinforcing the links between corporate and service/business plans. The review noted that, at present, not all services have a business plan in place.
- Each improvement objective will be accompanied by a suite of performance measures. Data and reporting systems will be modified to ensure that data is reported at appropriate intervals to enable members to maintain a clear oversight of the activity and whether the intended outcomes are being achieved.
- Risk registers will be developed for each improvement objective in accordance with the Council's Risk Management Policy, to highlight key issues and challenges.
- Cabinet members will take individual responsibility for an improvement objective, supported by the relevant chief officer. The exception is improvement objective six where the workforce strategy component of the improvement objective will be led by the Chief Executive and the remainder of the improvement objective work will be led by the Director of Finance and Corporate Services.

- 65 The Council monitors progress against its improvement objectives by reporting every six months to its Corporate Directors' Group, followed by the Policy and Resources Scrutiny and other appropriate scrutiny committees in order to provide additional challenge.
- 66 On a more operational basis, quarterly reports are prepared by service managers which include more detailed performance information with comparisons to local and national indicators and targets. From these reports, the Council is now able to extract key themes and trends – both positive and negative – and how services are contributing to corporate objectives and priorities.
- 67 Both these processes contribute to providing information for the Council's Annual Assessment, which is collated and drafted by the Council's Corporate Performance Team.
- 68 We will continue to monitor the progress of this review and the subsequent outcomes over the forthcoming year.

The Council is likely to make appropriate arrangements to secure continuous improvement for 2014-15

- 69 Based on the conclusions outlined in the previous sections of this report, the Auditor General considers that the Council is likely to meet the requirements of the Measure for 2014-15. This is due to the Council's efforts to continually try to develop its arrangements to secure continuous improvement.

Appendices

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

Useful information about Neath Port Talbot and Neath Port Talbot County Borough Council

The Council

The Council spends approximately £356.30 million per year (2013-14). This equates to about £2,543.00 per resident. In the same year, the Council also spent £78.2 million on capital items.

The average band D council tax in 2012-13 was £1,416.23 per year. This has increased by 4.19 per cent to £1,475.59 per year for 2013-14; 90.6 per cent of Neath Port Talbot's housing is in council tax bands A to D.

The Council is made up of 64 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

- 3 Independent
- 8 Plaid Cymru
- 50 Labour
- 1 Social Democratic
- 2 Unaffiliated

The Council's Chief Executive is Steven Phillips. Corporate Director Environment: John Flower; Corporate Director Finance and Corporate Services: Hywel Jenkins; Corporate Director Social Services, Health and Housing: Nick Jarman; and Corporate Director Education, Leisure and Lifelong Learning: Aled Evans.

Other information

The Assembly Members for the Neath Port Talbot area are:

- Gwenda Thomas, Neath, Labour Party
- David Rees, Aberavon, Labour Party
- Suzy Davies, South Wales West, Welsh Conservative Party
- Peter Black, South Wales West, Welsh Liberal Democrats
- Byron Davies, South Wales West, Welsh Conservative Party
- Bethan Jenkins, South Wales West, Plaid Cymru

The Members of Parliament for the Neath Port Talbot area, are:

- Peter Hain, Neath, Labour
- Dr Hywel Francis, Aberavon, Labour

For more information see the Council's own website at www.npt.gov.uk or contact the Council at Neath Port Talbot CBC, Civic Centre, Port Talbot, SA13 1PJ.

Appendix 3

Annual Audit Letter

Councillor A L Thomas
Leader
Neath Port Talbot County Borough Council
Civic centre
Port Talbot
SA13 1PJ

Dear Councillor Thomas,

Annual Audit Letter

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor 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 30 September 2013 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 in my Audit of Financial Statements report on 26 September 2013, and a more detailed report for officers will follow in due course.

Improvement continues to be made with the Statement of Accounts and associated working papers, with the finance and corporate services directorate driving these improvements. The majority of directorates also produced significantly improved working papers this year. There are still some areas where further work is needed, but the Council is already taking this forward and we will continue to work closely with officers through our regular meetings etc and the Audit Committee to ensure we build on this improved performance.

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work 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. Overall, I am satisfied that the Council has appropriate arrangements in place but there are areas where improvements can be made. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made in 2013-14 when he publishes his Annual Improvement Report next year. In his report issued in July 2013, he stated that the Council was securing improvement in many areas but faced particular challenges in children's services and was developing performance arrangements during a time of considerable change. Progress in these areas will be monitored over the forthcoming year.

Going forward, the extremely challenging financial position faced by all local government bodies in Wales will have significant implications. The recent budget settlement has resulted in the previously reported budget gap of £22.6 million for 2014-18 increasing to £38.3 million, with £17.3 million of these savings needing to be made in 2014-15.

The Council has been proactive in managing its growing funding gap to date and has acknowledged that it needs to look at longer term fundamental changes in the way it operates and delivers its services. The Council appreciates that difficult decisions will need to be made. It is important that the Forward Financial Plan is closely monitored by officers and Members and clearly linked to directorate savings, service delivery plans etc, with any slippage dealt with quickly and effectively if savings targets are to be achieved.

I issued a certificate confirming that the audit of the accounts had been completed on 30 September 2013.

Due to the improvements made in the closedown processes this year, we are not anticipating having to charge any additional audit fees to cover additional time needed to verify balances in the statement of accounts as we have in previous years. The financial audit fee of £163,600 for 2012-13 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely,

Richard Harries

For and on behalf of the Appointed Auditor

Appendix 4

Neath Port Talbot County Borough Council's improvement objectives and self-assessment

The Council's improvement objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific 'improvement objectives' that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

The Council published its improvement objectives for 2013-14 in its Corporate Plan 2013-16, *Rising to the Challenge*, which can be found on the Council's website at: www.npt.gov.uk/default.aspx?page=7667.

They are:

Priorities for improvement 2012-2015	Priorities for improvement 2013-2016
Access to employment and transport.	Improve outcomes for children in need and children looked after by improving the performance of the Council's Children and Young People Services Department.
Giving children and young people the best possible start in life.	Raise educational standards and attainment for all young people.
Improving educational performance.	Maximise the number of adults who are able to live independently with or without support within the home of their choice within their community.
Helping older people and vulnerable adults.	Support and invest in our town centres and communities to promote economic growth, regeneration and sustainability to maximise job opportunities and improve access to employment.
Enhancing the local environment.	Increase the percentage of waste recycled and composted.
Regenerate our town centres and local communities.	Improve customer/citizen access to services and functions provided by the Council, or on behalf of the Council, and to improve the efficiency of those services and functions.
Improving the health and well-being of the people of Neath Port Talbot.	

Priorities for improvement 2012-2015

Collaboration: working with local partners and neighbouring local authorities to identify realistic and achievable opportunities to improve service delivery and/or efficiency savings through joint working.

Financial and service management.

Effective engagement with our communities.

The Council's self-assessment of performance

The Council's self-assessment of its performance during 2012-13, The Annual Report 2012-13, *Doing What Matters*, can be found at: www.npt.gov.uk/default.aspx?page=7668.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@wao.gov.uk

Website: www.wao.gov.uk

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: info@wao.gov.uk

Gwefan: www.wao.gov.uk