



WALES **AUDIT** OFFICE  
SWYDDFA **ARCHWILIO** CYMRU

# Annual Improvement Report

## Neath Port Talbot County Borough Council

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# About the Auditor General for Wales

The Auditor General is independent of government and is appointed by Her Majesty the Queen. He leads the Wales Audit Office and is held accountable by the Public Accounts Committee of the National Assembly for the Wales Audit Office's work.

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. He also appoints the external auditors of Welsh local government bodies, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. The Auditor General's appointed auditors are responsible for the annual audit of the majority of public money spent in Wales, including the £15 billion of funds that are voted to Wales annually by the Westminster Parliament. Nearly £5.5 billion of this funding is passed by the Welsh Government to local government in the form of general and specific grants. Local government, in turn, raises a further £2.1 billion through council tax and business rates.

As well as carrying out financial audit, the Auditor General's role is to examine how public bodies manage and spend public money, including achieving value in the delivery of public services. The Wales Audit Office aims to make public money count, by promoting improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money. It is also committed to identifying and spreading good practice across the Welsh public sector.

Huw Vaughan Thomas, Auditor General for Wales, was supported by Rod Alcott, Jeremy Evans, Janet McNicholas and colleagues under the direction of Jane Holownia in conducting the Improvement Assessment and producing this report.

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# Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. Drawing on the work of the Wales Audit Office and that of relevant Welsh inspectorates, this report presents a picture of improvement over the last year. The report is in three main sections, which cover the planning, delivery and evaluation of improvement by Neath Port Talbot County Borough Council (the Council).
- 2 Overall the Auditor General has concluded that, the Council provides good and improving services in some important areas. Going forward the Council needs to ensure that it continues to balance its ambition with its ability to sustain delivery and support future improvement.
- 3 We found that the Council's plans are robust, well delivered and the breadth of activity is ambitious. We based this conclusion on the following:
  - the Council has appropriate arrangements in place to address its priorities and has responded well to previous suggestions for improvement;
  - the Council is meeting its statutory obligation with regard to the Welsh Language Act;
  - the Council is using technology to deliver and support service transformation, but further improvements could be achieved to strengthen some arrangements;
  - the Council's approach to information management is supporting improvement;
  - the Council continues to manage its finances effectively but failed to meet the statutory deadlines for the production of the Statement of Accounts; and
  - the Council is committed to developing its approach to public engagement.
- 4 We also found that the Council has achieved much of what it set out to achieve in its identified priorities. We based this conclusion on the following:
  - Overall, the Council made good progress towards achieving its Improvement Objectives in 2010-11. In most cases the Council achieved what it set out to do and in some cases exceeded its expectations.
  - The Council is providing good support to some groups in need; but there are concerns over children's social services which have been through a difficult period of transition that has had a detrimental effect on performance. Adult services have made progress in changing its service infrastructure but this has yet to translate into improvement in some of its key performance indicators.
  - The Council has made good progress against its plans to improve the standard of housing for council tenants.
  - The Council is providing good support to help people develop. Overall education performance is good and very good at secondary school level and inspection findings confirm that the prospects for future improvement are good.

- The Council has done what it set out to do to create and maintain the area as a safe, prosperous and pleasant place. The Council met the majority of its targets both for supporting people into work and increasing the number of businesses it supported. The Council has made good progress against its planned environmental improvements. Other environmental improvements provide better leisure amenities for local communities contributing positively to their wellbeing.

5 Finally, the report sets out our views on the Council's own assessment of its performance and arrangements. We concluded that the Council does not have a consistent approach to evaluating performance across services. This can make it difficult for the Council to monitor the progress of some activities and report performance in a balanced way to local citizens. There are different measurement systems in operation and a general unwillingness to quantify the degree of improvement that the Council is trying to achieve. This, in turn, makes it difficult to assess whether the Council's assessment is fair and balanced.

# Proposals for improvement

## Proposals for improvement

- P1** In order to help citizens fully understand the progress the Council is making in meeting its objectives and improving performance, the Council should:
- ensure its annual report is more balanced;
  - express clearly its own view of what it aims to achieve by setting performance goals and expectations;
  - be explicit about performance that is not as good as expected, as well as where it has exceeded expectations;
  - make communities and citizens more aware of the performance assessment; and
  - actively seek feedback and comments from citizens.
- P2** The Council needs to address areas for development and improvement set out in previous external audit and inspection reports.

# Detailed report



## Introduction

- 6 This report is written by the Wales Audit Office on behalf of the Auditor General for Wales. On [page 2](#) you can find a brief explanation of what the Auditor General does.
- 7 Under the Local Government (Wales) Measure 2009 (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 and 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) and the Care and Social Services Inspectorate for Wales (CSSIW), and the Welsh Language Board we have brought together a picture of what each council or authority in Wales is trying to achieve and how it is going about it. This report also sets out the progress the Council has made since the Auditor General published his last Annual Improvement Report, drawing on the Council's own self-assessment.
- 8 Throughout the report, we set out what the Council needs to do to improve its services. 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:
  - recommend to Ministers of the Welsh Government that they intervene in some way;
  - conduct a special inspection and publish the report with detailed recommendations;
  - make formal recommendations for improvement – if a formal recommendation is made the Council must respond to that recommendation publicly within 30 days; and
  - make proposals for improvement – if we make proposals to the Council, we would expect it to do something about them and we will follow up what happens.
- 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](mailto:info@wao.gov.uk) or writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.



## **The Council provides good and improving services in some important areas. The Council needs to ensure that it continues to balance its ambition with its ability to sustain delivery and support future improvement**

- 10 This report sets out the Auditor General's view of the performance of the Council in discharging its statutory duty to make arrangements to secure continuous improvement. This view has been informed by the work of the Wales Audit Office, Estyn, the Welsh Language Board and the CSSIW.
- 11 We do not undertake a comprehensive annual review of all council arrangements or services. Our work has focused on the main objectives that the Council has set itself and some other key issues such as self-evaluation and reporting performance to the public. The report builds upon earlier Corporate Assessment and Annual Improvement reports issued to the Council and the conclusions are based on our cumulative and shared knowledge and findings from work undertaken this year.
- 12 Our overall conclusion reflects the Council's progress in providing good and improving services in some important areas and recognises the breadth of the Council's ambition. We recognise that ambition and innovation are critical to improvement in the current difficult financial climate. We also recognise that for this ambition to be realised, a considerable amount of organisational development will need to be undertaken to ensure that the necessary infrastructure and capacity is in place to sustain delivery and support future improvement. This is the major challenge facing the Council in its quest for continuous improvement.
- 13 In addition to having robust and well delivered plans in place, it is important that the Council has a good understanding of the extent of progress and improvement it is making. We found that the Council does not have a consistent approach to evaluating performance across services. This can make it difficult for the Council to monitor the progress of some activities and report performance in a balanced way to local citizens.

## The Council's plans are robust, well delivered and the breadth of activity is ambitious

14 This section of the report sets out our assessment of how well the Council is delivering against the improvement objectives that it has set itself (as listed in [Appendix 4](#)) and how the Council is planning and managing its business to maintain and improve services. This section of the report also considers whether the Council has taken sufficient and appropriate action in response to issues raised in our previous reports.

### **The Council has appropriate arrangements in place to address its priorities and has responded well to previous suggestions for improvement**

15 The Council leadership is continuing to drive change and address areas for improvement that were identified in the Corporate Assessment of July 2010. The Corporate Assessment also identified that the Council's immediate priorities included verifying the Forward Financial Plan, implementing the Council's action plan following the Estyn inspection of 2010, finding sustainable solutions to financial pressures in Social Services and the need to improve workforce planning to ensure that improvement is not held back by capacity constraints.

16 The Council's continued progress with its Forward Financial Plan is referred to in [paragraphs 17](#) and [18](#). Finding sustainable solutions to financial pressures in Social Services, in a period of prolonged austerity, is a major challenge for the Council and one that will continue to be so for some time to come. The progress that the Council is making in implementing its post-inspection action plan for education will be monitored by Estyn and reported in subsequent reports from the Auditor General. The Council has

developed proposals for succession planning and organisational change that are currently being considered with a view to implementation in 2012-13.

17 The Council has made significant progress with its transformation programme which has contributed to a relatively stable financial position. The Council's transformational change programme is driving progress with the redesign or change in delivery model for some of its biggest services such as adult social care and housing services. The Council has continued to reduce the amount of waste sent to landfill, sending just 25.77 per cent of municipal waste to landfill and increasing the amount of waste recycled to 41.3 per cent in 2010-11. Changes to specific service areas such as Blue Badge processing, housing benefits and Council Tax benefit processes and delivery of disabled facilities grants, all demonstrate improved service delivery times, improved quality and in most cases financial savings for the Council. Through more active management the Council has reduced staff sickness levels by 16 per cent which helped save the Council over £1 million in absence costs.

18 The Council's objectives for 2010-11 (and subsequent years) are clearly identified in the Corporate Plan but these are not supported by clear outcome based measures of success or targets that establish the scale of progress the Council is aiming to achieve. Although the annual report includes a wide range of actions and activities, results of user feedback, external regulation etc in support of its objectives, in the absence of appropriate success measures, this is insufficient to allow it to assess whether it has met the objectives set or the extent of progress it is making.

- 19 The Auditor General has identified a number of areas for improvement for the Council in his reports covering the last two years. The Council has responded positively to these suggestions and taken action to address them, with some having been completely addressed. We intend to engage with the Council early in 2012 to determine whether there are any matters outstanding from our earlier work in respect of audit proposals for improvement, along with any newly identified areas from this report.

**The Council is meeting its statutory obligation with regard to the Welsh Language Act**

- 20 The Welsh Language Board has praised the Council for attaining a positive judgement in the electoral documentation inspection exercise conducted this year. The Board also welcomed the positive work undertaken by the Youth Service and the Children and Young People's Partnership. The process of contracting out services and the Council's electronic output were priorities for improvement in the year ahead. Improvement plans or specific actions to be taken in these areas are expected to be included in the Council's revised Welsh Language Scheme, but this has been delayed.

**The Council is using technology to deliver and support service transformation, but further improvements could be achieved to strengthen some arrangements**

- 21 Our review of the way the Council uses technology, which is essential for transforming the delivery of public services, improving outcomes for citizens and delivering efficiency savings, concluded that:
- The Council recognises the importance of technology, has made significant improvements to its technology infrastructure and has in place the technology foundations and governance arrangements to deliver efficiencies and service transformation; but could further develop and exploit technology to maximise benefits and efficiencies.
  - Current arrangements are sound with examples of good practice. However, whilst the Council accepts that investment in ICT/technology can help it achieve service transformation and efficiencies, the ICT Service is expected to make the same savings contributions to the Forward Financial Plan as the rest of the Council, despite increasing use and dependence on technology. These savings can only be achieved by reducing staff.
  - Performance is sound and improving. Better use of performance information will support further improvement but progress and ambition need to be linked to available skilled resources.

### **The Council's approach to information management is supporting improvement**

22 Due to the increasing financial pressure on the public sector, there is a need to maximise and exploit the information held to deliver and plan services effectively. Our review of the way the Council manages information concluded that:

- The Council's approach to information management is supporting improvement and it is aware of the issues it needs to address.
- Current arrangements are sound. Where improvement is needed work is already underway. For example, the Council is strengthening its governance arrangements with roles and responsibilities being developed and enhanced.
- Performance is sound with the Council taking a proactive approach to driving improvement.

### **The Council continues to manage its finances effectively but failed to meet the statutory deadlines for the production of the statement of accounts**

23 The Council understands the financial challenges it faces and has put in place a transformation agenda to implement changes in the way it works, as well as generating savings within specific service areas. These planned efficiencies are outlined in its Forward Financial Plan which is regularly monitored to identify slippage and new risks.

24 The Council achieved its financial savings and efficiencies targets for 2010-11 and is on target to meet the £13.1 million savings required in 2011-12. However, there are still unidentified savings in the latter years of the plan which need to be addressed, together with the need to provide clearer linkage of the impact of the capital programme on the Forward Financial Plan. The Council is in the process of preparing its budget for 2012-13 having identified a need to address an estimated shortfall in funding of £6.5 million.

25 The Council did not meet the statutory deadlines for the production of the 2010-11 statement of accounts and although an unqualified audit opinion was ultimately given, the quality of the accounts received for audit was poor and required a significant amount of officer and auditor input to correct.

26 The timely preparation and publication of materially correct and audited accounts is a fundamental way in which the Council demonstrates its stewardship of public money. so it is important that the necessary resources and processes are put in place to ensure statutory deadlines are met in 2011-12. [Appendix 3](#) gives more detail.

**The Council is committed to developing its approach to public engagement**

- 27 Public engagement can be defined as ‘a process that brings people together to address issues of common importance, to solve shared problems, and to bring about positive social change. Effective public engagement invites citizens to get involved in deliberation, dialogue and action on issues that they care about’<sup>1</sup>.
- 28 The Council’s commitment to developing an effective approach to public engagement is demonstrated through its promotion of good customer care and its corporate recognition that public engagement is critical to improving services.
- 29 The Council has achieved a good standard in providing information for the public. The following are some examples of effective public engagement within the Council’s services.
- 30 The Council carried out a recent consultation exercise on Health Social Care and Well Being. Following a fairly good response from the public, the Council plans to encourage and involve a number of the respondents to act as ‘champions’ in their own communities. These champions will receive training to enhance their skills and knowledge, with the intention that they will promote initiatives and encourage their communities to do more to achieve better health and wellbeing.
- 31 With the support and guidance of the Council, the Older Persons’ Council is a very confident, well organised group of individuals who had obviously benefited from their roles as ‘ambassadors’ for their communities. The Older Persons’ Council is also keen to offer challenge to the Council in order to improve services for that particular age group. The group meet with Cabinet twice-yearly in order to feed back their views and concerns directly.
- 32 The Council has undertaken a number of systems reviews which are designed to re-engineer and improve service delivery. To date, over a third of services have undergone this process which involves service users directly, who act as sounding boards, providing views and feedback on the current standards of a particular service and help to identify ways to improve services. This is an excellent opportunity for service users to both recognise and understand the role they can play in achieving better standards of service delivery.
- 33 The Cabinet and Planning committees use a number of community-based venues in order to make their meetings more accessible to the public and encourage interaction and engagement.
- 34 While the above represent individual examples of good practice, the Council has not yet developed a clear strategic approach to the design and implementation of its public engagement activities; and there is currently no overall monitoring and evaluation of all its consultation and engagement activities. The Council recognises that this is a key area for improvement.

<sup>1</sup> Definition taken from ‘Public Agenda’ website 2010

## The Council has achieved much of what it set out to achieve in its identified priorities

35 This section of the report sets out our assessment of the Council's performance in:

- achieving the improvement objectives it set for itself for 2010-11;
- supporting people in need;
- helping people to develop; and
- helping to create a safe, prosperous and pleasant environment.

### **Overall the Council made good progress towards achieving its Improvement Objectives in 2010-11**

36 As reported in the Corporate Assessment Update issued by the Auditor General for Wales in June 2011, the Council's improvement objectives set out in the improvement plan 2011-14 (called *Doing What Matters*) state clearly what the Council wants to achieve and why. However, some of the improvement objectives have rather subjective success measures such as 'maintain involvement' or 'review', so it is not always clear what the explicit expectations were or whether they were fully met. And it also makes it more difficult for stakeholders to hold the Council to account for performance.

37 Overall, in 2010-11, the Council made good progress towards achieving its Improvement Objectives. In most cases the Council achieved what it set out to do and in some cases exceeded its expectations. Improvement Objectives relating to housing, the environment and the local economy were all largely achieved.

38 Although the council had an explicit objective to 'progress the regeneration of our town centres' it did not provide any explicit success measures for 2010-11 or any other year. The 2010-2011 Annual Report does however mention its success at securing funding for two significant regeneration schemes.

39 While the Council did achieve some notable successes against its objective to improve quality, efficiency and accessibility, its overall performance during 2010-11 was less satisfactory. Overall, just over a third (37 per cent) of Performance Indicators improved between 2009-10 and 2010-11, while the performance of more than half (54 per cent) deteriorated over the same period. This deterioration was most marked within Adults and Children's Social Care and Leisure and Culture directorates, where two-thirds of the Performance Indicators deteriorated during 2010-11. On this basis, the Council did not meet this particular improvement objective; and did not include a transparent assessment of its progress during 2010-11 within its Annual Report.

40 In relation to children's services, the Council achieved its objectives for 2010-11 which was to increase the number of foster carers and, in partnership with key stakeholders in the community, review current existing support arrangements for vulnerable children and families and to plan for the implementation of a redesigned service. However, as referred to below, there are instances where implementing these changes has adversely impacted on current performance indicators.

41 In relation to adult services the Council met its objective to address the need for improved Residential Home Care and greater Care in the Community to prevent hospitalisation and provide after care on discharge. However, the actions are still in development stage and their impact on performance has yet to be determined.

**The Council is providing good support to some groups in need; but there are concerns over children's social services**

42 This part of the report sets out how well the Council is improving the way in which it supports people in need. It reflects the views of the CSSIW in relation to adult and children's services; and draws upon our own reviews of the Council's performance against other relevant improvement objectives.

**Children's services have been through a difficult period of transition that has had a detrimental effect on performance**

43 In August 2010 the CSSIW carried out an inspection that focused on key themes in children's services to determine their effectiveness in providing safe services to vulnerable children. The inspection identified a number of areas which required improvement and it was agreed that the CSSIW would carry out a review of the progress of these areas during 2011. This review was carried out in September 2011. The review concluded that the Council had made some progress in addressing the key priorities for improvement identified in the previous year's inspection, but that there

remain a number of factors which impact on the Council's ability to provide a safe, high quality responsive service.

44 In response to the review's findings, the Deputy Minister for Children and Social Services, Gwenda Thomas AM, issued the following statement:

*'The inspection of children's social services in Neath Port Talbot has identified that the authority remains committed to improving its children's social services and that it is continuing to invest in these services. The council has embarked on a major change programme to improve interagency working and child care practice. The findings from this inspection show that some progress has been made, but it also identifies areas where the council needs to quickly improve the service it is providing in order to promote the welfare and safety of children.*

*The Chief Inspector, Care and Social Services Inspectorate Wales, has advised me of the arrangements that the inspectorate has put in place to regularly monitor progress in the authority. I have asked the Chief Inspector to keep me informed of the progress in the authority in improving its children's services. A further inspection of the council's children's services will take place in the summer of 2012.'*

**Adult services has made progress in changing its service infrastructure but this has yet to translate into improvement in some of its key performance indicators**

- 45 The Council has an ambitious programme of change and service reconfiguration. To make best use of capacity, the Council has prioritised the residential care programme, and this has remained on track. Performance in adult safeguarding practice has improved and there is also evidence of progress in home care and intermediate care service reconfiguration in order to improve outcomes for service users, and further development in these areas is planned for 2011-12. There are plans to start the transforming adult social care programme, focusing initially on learning disability services. All of these pieces of work are contributing to both the improvement agenda and the Council's significant savings targets.
- 46 The rate of discharges for social care reasons, delayed transfer of care per 1,000 population aged 75 or over, significantly increased from seven in 2009-10 to 15 in 2010-11. There has been a decrease in numbers of carers receiving an assessment in 2010-11 from 16 per cent to 11 per cent, with the numbers taking up this offer and receiving a service having fallen from 48 per cent to 25 per cent. The Council reports that the percentage of clients who had their needs reviewed during 2010-11 has fallen from 73 per cent to 69 per cent.

**The Council has made good progress against its plans to improve the standard of housing for council tenants**

- 47 Transfer of ownership of its council housing stock to NPT Homes was completed during 2010-11 (7 March 2011), ahead of its original 2011-12 target. The Council has also established partnership protocols and scrutiny arrangements to monitor the performance of NPT Homes – including its progress at improving the transferred stock to meet the Welsh Housing Quality Standard. Achievement of the LSVT milestone has not, in the very short term, made any tangible difference to the quality of service provided or to the wellbeing of communities. But one of the key arguments for the LSVT was the potential for improved service quality via the investment which NPT Homes could make – improving wellbeing in the medium and longer term. So, communities reliant on social housing will ultimately be better off as a result of the actions.

**Overall education performance is good and very good at secondary school level and inspection findings confirm that the prospects for future improvement are good**

- 48 The above conclusion and the following paragraphs that underpin that conclusion represent the views of Estyn, the education and training inspectorate for Wales.



49 Overall, standards in Neath Port Talbot are good. When a range of contextual information is taken into account, the performance of pupils in Neath Port Talbot is below average in Key Stage 1, average in Key Stage 2 and good in Key Stage 3. At Key Stage 4, performance is very good. Over half of the secondary schools are in the top quarter when compared to similar schools and only one school is in the bottom quarter.

50 Performance in Key Stages 3 and 4, based on entitlement to free school meals, has met or exceeded all of the Welsh Government benchmarks in the last four years. Neath Port Talbot is one of the few authorities that have achieved this.

51 Attendance in secondary schools is very good and in the top quarter for Wales over the last four years. However, in primary schools attendance was among the lowest in Wales in 2010. The number of exclusions from schools improved in 2010 but the number of days pupils lose from school because of exclusions, remains relatively high.

52 Neath Port Talbot was inspected by Estyn, in November 2010. Inspectors judged that the local authority's education services for children and young people are good because:

- children and young people make steady progress and at the end of Key Stage 4 achieve very good standards;
- the number of young people leaving full-time education without a recognised qualification has fallen significantly and is better than the average for Wales; and

- support for school improvement is good and support for additional learning needs is excellent.

Inspectors judged that the local authority has good prospects for improvement because:

- its work is founded on well thought out principles about the quality of service delivery;
- there is effective decision-making and prioritisation about school improvement and school organisation; and
- senior officers and elected members provide effective leadership through their good understanding of the improvement priorities and performance within the Education service.

Inspectors recommended that, in order to continue to improve, the authority should:

- improve the accuracy of end-of-key-stage teacher assessments at all key stages;
- further refine and strengthen scrutiny arrangements;
- improve joint strategic planning and the impact of the Children and Young People's Partnership; and
- reduce surplus places in schools in line with key principles in the strategic school improvement programme.

**The Council has done what it set out to do to help create and maintain the area as a safe, prosperous and pleasant place**

- 53 This part of the report sets out how well the Council is improving the way in which it helps people to create and maintain the area as a safe, prosperous and pleasant place. It draws on evidence from our own reviews of the Council's performance against specific improvement objectives.
- 54 The Council has made good progress against its objective of promoting a strong and prosperous economy. It met the majority of its targets both for supporting people into work and increasing the number of businesses it supported. It delivered initiatives which complement the standard employment-related support already available, helping to improve the employment prospects for a range of citizens, including people with disabilities and the long-term unemployed. The Council delivers its business support proactively and dealt with an increased number of enquiries from local businesses during the year. However, the Council has not to date been able to demonstrate a clear understanding of how business service users perceive its effectiveness and does not appear to robustly evaluate the effectiveness of its business support, which means it may be missing opportunities to further strengthen the local economy.
- 55 The Council has made good progress against its planned environmental improvements. Actions taken during 2010-11 have helped the Council to reduce the volume of waste going to landfill, making it the best performing council in Wales for this indicator. This reduction has short and longer term, environmental and financial benefits for its own communities and to the wider population. Improvements to the bulky waste collection service have increased service efficiency and generated cost savings through reduced overtime working. The Council also completed its 2010-11 plans to improve important community facilities. However, despite improvements to its municipal waste recycling arrangements during the year, the Council is still not meeting its Welsh Government waste recycling/reuse targets.
- 56 Other environmental improvements, principally the restoration of Victoria Gardens and work to Gwyn Hall, have and will provide better leisure amenities for local communities contributing positively to their wellbeing.

## The Council does not have a consistent approach to measuring performance across services. This can make it difficult for the Council to evaluate the success of some activities and report performance in a balanced way to local citizens

- 57 The Council is in a state of transition across services, with some services adopting a systems thinking approach while others are yet to go through the review process. Services which have not adopted a systems thinking approach are still measuring performance through a combination of monitoring activity combined with performance indicators. Services which are adopting a systems thinking approach are encouraged to take a different perspective on the measurement of performance. However, the Council has not yet fully developed new measures that can be analysed to determine the extent of improvement resulting from the adoption of systems thinking.
- 58 The existence of different measurement systems makes it difficult for the Council to quantify the degree of improvement that it is trying to achieve. This is illustrated by the frequent use of words such as 'increase' and 'improve' with no indication of how much of an increase or how much improvement constitutes success from the Council's point of view. The Council is aware of the need to be clearer about the degree of improvement it expects to make across a range of improvement areas, and intends to include this information in the revised corporate plan to be published in April 2012.
- 59 The Council's Annual Report uses quantitative measures to demonstrate improvement in some areas such as recycling rates, but is not explicit about the level of performance improvement expected. For example, it refers to 'Improve our operations that collect waste....' and to 'Improve our bulky waste collection service...' The actions it took during 2010-11 did indeed help to improve performance, but it is unclear whether the outcomes fell short of, or exceeded its original expectations. The Council also appears unwilling to define intermediate milestones. This makes it more difficult to assess progress against actions which take place over more than one year and harder for stakeholders to assess the level of success achieved.
- 60 The Annual Report compares the Council's performance with the Wales average and upper quartile performance for Performance Indicators (PI). However, no overall assessment of aggregated PI performance is made, for example the proportion of PIs that have improved, deteriorated or stayed the same. Neither is there any analysis or comparison of the proportion of PIs in upper, middle and lower quartiles.
- 61 The Council has tried to make the assessment fair and balanced by including areas of both stronger and weaker performance in the Annual Report, particularly in the introductory sections of the Report. However, it is not fully successful in this as the main narrative focuses largely on positive achievements. For example, the Environmental section of the Annual Report focuses on areas of excellent performance, but does not mention a key area of comparative under-performance. It identifies the Council's performance at reducing waste going to landfill as the best in Wales in 2010-11 and refers to improved performance at reusing and/or recycling the waste collected. However, it does not mention that the Council was still only 16th out of 22 Welsh councils at reusing and/or recycling the waste collected, or that it did not meet the Welsh Government recycling target for 2010-11.

62 The Auditor General has determined that the Council has discharged all of its duties in relation to publishing improvement information. However, the Council should ensure that it acts more in accordance with Welsh Government guidance; specifically in:

- developing more, better focused, measures to evidence outcomes;
- expressing better its own view of what it aims to achieve by setting performance goals and expectations;
- providing a clear explanation of why the comparisons that have been made, and those that have not been made are included; and
- explaining better how it has used performance information, what the Council has done to compare and what it has done in light of the information and comparisons it has made.

# 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 the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges 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 informed by 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. This report also summarises the Auditor General's conclusions on the Council's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in this published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

An important ancillary activity for the Wales Audit Office 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

Neath Port Talbot County Borough Council spends approximately £350 million per year (2010-11). This equates to about £2,550 per resident. In the same year, the Council also spent £59 million on capital items.

The average band D council tax in 2010-11 for Neath Port Talbot was £1,343.02 per year. This has increased by 3.03 per cent to £1,383.73 per year for 2011-12. 90.7 per cent of the dwellings within Neath Port Talbot are 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:

- 6 Independent
- 39 Labour
- 11 Plaid Cymru
- 3 Welsh Liberal Democrats
- 3 Social Democrats
- 2 NPT Independent

Neath Port Talbot's Chief Executive is Steven Phillips, he is supported by:

- Director of Education, Leisure and Lifelong Learning: Karl Napieralla
- Director of Social Services, Health and Housing: Tony Clements
- Director of Finance and Corporate Services: Derek Davies
- Director of Environment: John Flower

### Other information

The Assembly Members for Neath Port Talbot are:

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

The Members of Parliament for Neath Port Talbot are:

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

For more information see the Council's own website at [www.npt.gov.uk](http://www.npt.gov.uk) or contact the Council at Neath Port Talbot County Borough Council, Civic Centre, Port Talbot SA13 1PJ.



## Appendix 3

# Neath Port Talbot County Borough Council's accounts and use of resources

## Annual Audit Letter to the Members of Neath Port Talbot County Borough Council

As you will be aware the Auditor General for Wales will be issuing an Annual Improvement Report (AIR) to each local authority by the end of January 2012 and some of the issues that were traditionally reported in the Appointed Auditor's Annual Audit Letter will be included in that report. Therefore I have taken the opportunity to summarise the key messages arising from my statutory responsibilities into this short letter which forms the Annual Audit Letter. The letter is designed to be a standalone document, but will also be presented to the Council and the public as part of the Annual Improvement Report and therefore discharges my reporting responsibilities under the Code of Audit Practice.

### **Neath Port Talbot County Borough Council complied with three of the four reporting requirements relating to its financial performance and use of resources but did not meet the statutory deadlines for the production of the Statement of Accounts**

- 1 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.
- 2 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.
- 3 Due to delays in the production of the Statement of Accounts I was unable to issue an audit opinion by the statutory deadline of 30 September. My audit team is currently working with Council officers to enable me to conclude the audit on receipt of the Statement of Accounts' due to be approved at the Audit Committee meeting of the 12 December 2011. The issues arising from the accounts audit will be reported to the Audit Committee in my Audit of Financial Statements report.
- 4 From 2010-11, local authorities in Wales are required to produce their accounts on the basis of International Financial Reporting Standards. The introduction of these new standards imposed significant additional demands on the Council's finance staff which, together with the housing stock transfer and loss of two key staff, is in part why the deadlines were not met.

- 5 Although I am planning to issue an unqualified opinion on the accounts, given the delays experienced this year and the quality of the accounts produced, it is important that the Council puts the necessary resources and processes in place to ensure that statutory deadlines are met in 2011-12. The timely preparation and publication of materially correct and audited accounts is a fundamental way in which the Council demonstrates its stewardship of public money.
- 6 We did not identify any material weaknesses in the Council's internal controls, but controls within the creditors and debtors systems need to be improved. These issues have been raised at the Audit Committee by internal audit and work is ongoing to make the improvements necessary.
- 7 My review 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 Measure (2009). The main findings from this latter work will be set out in the Annual Improvement Report.
- 8 The Council continues to face significant financial pressures but has a well developed Forward Financial Plan in place. Clearer linkage with the capital programme would improve it further. This will be referred to in more detail in the Annual Improvement Report.
- 9 Last year I reported that the Council needed to improve grants management. Our work in this area is ongoing and will be reported to the Council's Audit Committee in early 2012.
- 10 I plan to issue a certificate confirming that the audit of the accounts has been completed once the accounts have been re-advertised after the December Audit Committee.
- 11 The financial audit fee for 2010-11 will be higher than that set out in the Financial Audit Outline due to the additional work needed to support the opinion on the statement of accounts.

Anthony Barrett  
Appointed Auditor  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ  
November 2011

Local electors and others have a right to look at the Council's accounts. When the Council has finalised its accounts for the previous financial year, usually around June or July, it must advertise that they are available for people to look at. You can get copies of the accounts from the Council; you can also inspect all books, deeds, contracts, bills, vouchers and receipts relating to them for 20 working days after they are made available. You can ask the auditor questions about the accounts for the year that they are auditing. For example, you can simply tell the auditor if you think that something is wrong with the accounts or about waste and inefficiency in the way the Council runs its services. For more information see the Wales Audit Office leaflet, *Council accounts: your rights*, on our website at [www.wao.gov.uk](http://www.wao.gov.uk) or by writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.

## Appendix 4

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

### Neath Port Talbot County Borough 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.

Neath Port Talbot's Corporate Plan 2010-2013, *Doing What Matters*, set seven Improvement Objectives for it to achieve during that year. For 2011-12 the Council has retained these objectives as deliver will take more than one year. The Council's improvement objectives from both last year and this year are as follows:

<b>The Council's Improvement Objectives for 2010-2013</b>	
<b>1 Improving Housing</b>	<ul style="list-style-type: none"><li>To improve the standard of the housing for our council tenants.</li></ul>
<b>2 Improving Services for Older People</b>	<ul style="list-style-type: none"><li>To improve the privacy and dignity afforded to elderly people living in the Council's residential care homes.</li><li>To prevent more people from having to go into hospital when they could be cared for in the community and we want to ensure that more people can return home from hospital when they are ready to be discharged.</li><li>We want vulnerable adults to enjoy a good quality life and be supported to live as independently as possible.</li></ul>
<b>3 Improving Education</b>	<ul style="list-style-type: none"><li>To ensure that our schools are all fit for purpose and that they are capable of delivering high quality educational experiences for all pupils.</li></ul>
<b>4 Improving Support for vulnerable Children and their Families</b>	<ul style="list-style-type: none"><li>To improve the way we intervene in the lives of vulnerable children and their families.</li></ul>
<b>5 Improving Council Services</b>	<ul style="list-style-type: none"><li>To make the services the Council provides easier for people to use, more efficient and better quality.</li></ul>

## The Council's Improvement Objectives for 2010-2013 continued

### 6 Improving the Environment

- To improve the arrangements the Council has in place to collect waste and minimise landfill.
- To replace two key leisure and cultural facilities that were lost due to fire. We also want to bring about improvement at the well used Victoria Gardens, Neath.

### 7 A strong and prosperous economy helps reduce poverty

- To help more businesses do business and we want to help people who want to work find work.

The Council's Corporate Plan 2010-12 can be found on the Council website at [www.npt.gov.uk/default.aspx?page=6639](http://www.npt.gov.uk/default.aspx?page=6639)

### Neath Port Talbot County Borough Council's self-assessment of performance

The Council's self-assessment of its performance during 2010-11 was published by 31 October 2011 and can be found in its Annual Report 2010-11 *Doing What Matters* on the Council website at [www.npt.gov.uk/default.aspx?page=6639](http://www.npt.gov.uk/default.aspx?page=6639)



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