WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Incorporating the Corporate Assessment Report 2014

Neath Port Talbot County Borough Council

This Corporate Assessment Report has been prepared on behalf of the Auditor General for Wales by Steve Barry and Samantha Spruce under the direction of Jane Holownia.

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Introduction

1   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 in delivering their services. Appendix 1 provides more information about the Auditor General's powers and duties under the Measure. This work has been undertaken by staff of the Wales Audit Office, on behalf of the Auditor General. With help from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (CSSIW), and the Welsh Language Commissioner, we have brought together a picture of what Neath Port Talbot County Borough Council (the Council) is trying to achieve, how it is going about it, and the progress it 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.

2   In 2013-14, staff of the Wales Audit Office began a four-year cycle of corporate assessments of improvement authorities in Wales. This means that, in addition to an annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each authority will receive an in-depth corporate assessment once during a four-year period. In the intervening years, we will keep track of developments through progress updates.

3   Our fieldwork for the corporate assessment focused on the extent to which arrangements are contributing to delivering improved service performance and outcomes for citizens. The corporate assessment sought to answer the following question:

     'Is the Council capable of delivering its priorities and improved outcomes for citizens?'

4   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.

5   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.

Summary

6   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 draws on the work of the relevant Welsh inspectorates. The report covers the Council's delivery of services, its evaluation of services in relation to 2012-13, and its planning of improvement for 2013-14. Taking these into account, the report records the Auditor General's conclusion on whether he believes that the Council will make arrangements to secure continuous improvement for 2014-15.

7   The Auditor General has concluded that: **The Council has been delivering its key priorities but limitations in governance arrangements and performance evaluation present risks to it being able to sustain progress in the future.** We came to this conclusion because the Council:

*   has established a clear vision which guides decisions about priorities;

*   is addressing weaknesses in governance arrangements and improving transparency of decision making;

*   is delivering improvements in its priority areas but is not evaluating the efficiency of delivery;

*   has a track record of meeting overall savings targets, but early financial pressures threaten achievement of future planned savings;

*   has a clear strategic vision for its human resources function but lacks the supporting arrangements necessary to ensure its delivery;

*   has asset management arrangements that are supporting improvement;

*   has not assessed the impact of reduced resources for information technology and weaknesses in information management arrangements present a reputational risk;

*   collaborates with a range of partners to secure improvement and sustain services but lacks a consistent approach to evaluating the outcomes being achieved.

Proposals for Improvement

Governance

P1	Establish a skills training programme which supports members to discharge their roles and responsibilities effectively. Introduce formal appraisal of the roles of Cabinet members and Committee Chairs as a means of driving skills development.
P2	Revise scrutiny arrangements to establish a more balanced range of scrutiny activity, produce a forward programme to enable planning and co-ordination of activity and end time-consuming practices that lack impact.
P3	Provide comprehensive and accessible information about the business conducted by the Council.
P4	Improve whistleblowing arrangements by: • clarifying reporting arrangements; • bringing together the information currently held in different documents; and • giving more information about safeguards that the Council will provide to employees under the arrangements.

Performance Management

P5	Ensure programme delivery expectations are based on a realistic assessment of resources available – especially in the Transforming Adult Social Care and Regeneration programmes.
P6	Place a focus on poorer performing schools to drive and sustain improvements having regard to the levels of performance expected for schools in Wales with similar levels of deprivation.
P7	Implement proposed performance reporting improvements to bring together information in a way that allows the Council to evaluate whether it is making effective use of its resources. Introduce performance review arrangements that enable evaluation of the contribution of internal trading agencies to the achievement of the Council's objectives.

Financial Planning	
P8	Improve financial planning and monitoring by combining financial and performance information more effectively, particularly reinforcing links between the Forward Financial Plan and Business Plans.
P9	Clarify the corporate policy on income generation and charging to ensure a consistent approach to concessions and target groups.
P10	Improve reporting of financial information to assist understanding of: • the implications of savings plans and additional pressures on the quality and range of services especially those services which support improvement priorities; and • the links between budget reports and the Forward Financial Plan to explain the impact on the savings target and risk assessment.
P11	Review Accounting Instructions and Financial Regulations to ensure they reflect the latest working practices and Council policies and communicate requirements to staff.

Human Resources	
P12	Ensure full adoption by December 2015 of an appraisal process that ensures staff are equipped to do their jobs and enables people to be held to account. Implement an induction process and ensure new staff are briefed on corporate expectations. Establish a Workforce Plan.

Asset Management	
P13	Update the Asset Management Plan so that it acts as a point of reference for the next five years and corresponds more closely to current priorities set out in the Council's Corporate Improvement Plan
P14	Ensure asset management consideration is included within Service Business Plans
P15	Formalise arrangements for the Strategic Asset Management Working Group by: • producing a terms of reference and stating expected corporate working practices (based on existing custom and practice); and • produce an indicative annual work programme, and produce notes of decisions made by the Group

Information Technology and Information Management
P16 Ensure the Information Technology Strategy identifies and mitigates risks arising from reduced staff resources.
P17 Finalise the Council's Information Strategy and communicate this to all staff.
P18 Provide an annual report on information management and information governance matters to members to enable them to evaluate performance and the effectiveness of arrangements.

Collaboration
P19 Engage with key partners to establish a programme of community capacity building to support alternative methods of service delivery.
P20 Further develop reporting arrangements to enable evaluation of the effectiveness and sustainability of collaborative activity.

Detailed report

The Council has been delivering its key priorities but limitations in governance arrangements and performance evaluation present risks to it being able to sustain progress in the future

The Council has established a clear vision which guides decisions about priorities

8 The Council and its 12 partners on the Local Service Board (LSB) published the *Neath Port Talbot Working in Partnership Single Integrated Plan* (SIP) in July 2013. The plan sets out the ambitions of local partners to improve the quality of life for local people over the period 2013-2023. The SIP introduces the shared vision of creating a Neath Port Talbot where 'everyone has an equal opportunity to be healthier, happier, safer and more prosperous'. This vision is clear, but also broad, so in the context of limited resources, priorities have been adopted by the partnership. Specific areas of need are the result of:

• 17 areas within Neath Port Talbot being within the top 10 per cent of the most deprived communities in Wales and four Communities First Cluster areas;

• 25 per cent of those of working age claiming benefits compared to the Wales average of 14.7 per cent;

• the fourth highest rate of pupils entitled to free school meals in Wales; and

• a wide range of indicators of poor health when compared to the rest of Wales together with the highest proportion of unpaid carers across Wales.

9 The SIP identifies four key areas of activity where partners will work together to:

• ensure that children and young people get the best possible start in life and achieve their potential;

• address poverty by supporting families on low incomes;

• tackle health inequities; and

• improve transport.

10 The SIP describes the specific actions proposed for each of these themes and sets out that an annual report will be produced that explains progress in the previous year. The first annual report for 2013-14 was published in 2014 and described a range of completed actions and the next steps required. The LSB has recognised a need to develop a reporting framework that makes the outcomes of action clearer.

11 The Council's own Corporate Improvement Plan 2014-2017 explains the priorities (improvement objectives) the Council has adopted to address local needs. It sets out the challenge it faces as a consequence of a significant reduction in the financial resources it will have in the future. The Council's six improvement objectives are set out which cover the things we would expect the Council to be addressing, given local needs and the need to become more efficient in the way it operates as a consequence of the reduction in financial resources being faced by all councils.

12   Because it was not practical to meet all councillors and managers we undertook
        a survey inviting responses from all 64 members of the Council and 111 senior
        managers. The survey asked for views about how well management arrangements
        were working; how well people understood, and were held to account for delivering
        their responsibilities and how well they understood the challenges facing the
        Council. The response rate from members was 57 per cent with 71 per cent of
        managers responding. All members who responded agreed that they were clear
        about what the Council was trying to achieve, as were all but one of the managers
        who responded. The majority of senior managers who responded believed that
        achieving desired outcomes was well integrated into service planning.

The Council is addressing weaknesses in governance arrangements and improving the transparency of decision making

13 Good governance should result in good management, good performance, good stewardship of public money, good public engagement and ultimately, good outcomes (The Good Governance Standard for Public Services, OPM & CIPFA, 2005). Good governance provides a framework of accountability to users, stakeholders and the wider community, within which organisations take decisions and achieve set objectives.

The Council is implementing a programme to remedy weaknesses in its governance arrangements

14 In 2013 the Council began a review of its democratic arrangements, as the Leader and Chief Executive recognised the need to modernise governance arrangements. The outcome of the review was reported to the Council's Modernisation Group on 25 April 2014 and adopted by the Council on 2 July 2014. In summary the report highlighted the need to modernise a range of aspects of governance by:

- ensuring that forward work programmes for the Cabinet and Scrutiny Committees are produced;

- establishing a balanced programme of scrutiny activity to move from current arrangements where the majority of time is being spent on pre-decision scrutiny;

- strengthening member oversight of partnerships and other collaborative activity;

- better co-ordinating member development opportunities, aligning them with forward work programmes and improving the involvement of members in the establishment of the member development programme; and

- improving systems and the technology available to improve efficiency.

15 During 2014 the Democratic Services Committee has been giving further consideration to the implementation of improvements to the ways in which members are able to have development needs met. Alongside this process, Scrutiny Committees have begun to develop more balanced programmes of work. These activities, if implemented effectively, have the potential to resolve many of the weaknesses we describe in the following paragraphs.

Whilst roles are clear, arrangements for equipping people to discharge their roles, and for holding them to account, are not fully developed

16 The Council's Constitution sets out the roles and functions of committees and individuals and the majority of members who responded to our survey said they were clear about their roles and responsibilities as a councillor. Our review indicated particular strengths in members being able to access information when undertaking their roles on behalf of their constituents but also some frustration amongst non-Cabinet members about the role they could play in supporting the governance of the Council. The Council has recognised the need to strengthen scrutiny roles and sees its proposals to build member 'teams' around Cabinet portfolios as an opportunity to widen engagement with all members, giving them more insight into activity at Cabinet level. Most members agreed that they were clear about the roles of the Leader and Chief Executive – although some said they were not.

17   Whilst Cabinet portfolio holders are clear about areas of responsibility, the way in which individual Cabinet members demonstrated their accountability differed. At formal meetings, senior officers take a prominent role in delivering reports and responding to scrutiny questions. This differs from our observation at other councils where Cabinet members present reports and respond to scrutiny questions from other members – thereby providing a clear, public demonstration of their responsibility and accountability. Whilst Cabinet Members at Neath Port Talbot attend the majority of scrutiny committee meetings they are not routinely questioned regarding policies, decisions and service performance, and instead largely attend as observers. This is not good practice.

18   Certain decisions are delegated to Cabinet Boards, comprising two members whose portfolios benefit from joint working. It has become the practice for a Cabinet Board member to seek a substitute if they are unable to attend a particular meeting. Whilst this is not a frequent occurrence it does blur accountability for decision making.

19   The majority of members who responded to our survey felt that the skills and knowledge they needed as a councillor were appropriately developed. However, we agree with the results of the Council's own review, that by further developing the skills and knowledge of members, the Council will better position itself for the future. The Council has adopted the Welsh Local Government Association (WLGA) role descriptions for members, and some members have been trained as appraisers. All members of the Council have been offered a development review but there has been limited take up. Training and development activity for councillors has largely consisted of internal seminars, attendance at which has been variable. There are also no arrangements to ensure that members who are nominated by the Council to sit on outside bodies, for example, as board members or trustees, are briefed about their roles and responsibilities before taking up their positions.

20   A majority of senior managers who responded to our survey believed they were clear about their own roles and responsibilities. However, over one quarter did not feel the formal appraisal process helped equip managers or their teams to do their jobs. A new appraisal process has been introduced, beginning with the Chief Executive, Directors and Heads of Service, that has the potential to improve accountability for performance.

Scrutiny arrangements are inefficient and focus on pre-decision scrutiny with limited examination of performance and improvement

21   Around two-thirds of members who responded to our survey believed scrutiny processes to be effective in improving outcomes. They also thought that other arrangements for those who were not Cabinet members to challenge or influence policy were effective. Eleven of 79 officer respondents believed scrutiny was not effective, but perhaps more tellingly, 12 officer respondents said they did not know if it was effective. However, we could find little evidence of the impact of scrutiny activity in recent years. Limitations in current arrangements are described in the following paragraphs.

22   The Council identifies a range of scrutiny functions and specific roles for scrutiny committees, such as pre and post-decision scrutiny, scrutiny of outside bodies, performance scrutiny of the executive and conducting improvement reviews, in its Constitution.

23   Our observation of meetings and review of minutes found that Scrutiny committees are spending a disproportionate amount of time on pre-decision scrutiny and, as a consequence, limited time on some of the other roles outlined above. The Council's own analysis has identified the imbalance in roles undertaken by scrutiny committees. It is in the process of establishing more balanced work programmes that will include performance examination (for example, absence management) and improvement reviews. The Council's website provides access to six scrutiny review reports but none were undertaken since the election of this Council in May 2012.

24   The process the Council adopted for pre-decision scrutiny was intended to involve the selection of agenda items by scrutiny committees for pre-decision scrutiny. It had become the practice for most committees not to explicitly select items, but for the agenda items of a scrutiny meeting to replicate all of the items on the subsequent Cabinet or Cabinet Board meeting. In instances where committees choose not to scrutinise items, the minutes usually record that the committee was supportive of proposals. Whilst there are some examples of pre-decision scrutiny leading to changes in proposed decisions we also found that a number of seemingly routine items for decision by the Cabinet Boards are also being considered. We understand that since highlighting this during our fieldwork, all scrutiny committees are selecting items for scrutiny and have ceased the practice of considering all items scheduled for consideration by Cabinet Boards.

25   By covering all agenda items immediately prior to the Cabinet/Cabinet Board, the time for in-depth scrutiny and effective challenge is limited and the reason for presenting some agenda items for 'scrutiny' is not explained. For example, individual debt write offs and the procurement of a demountable unit were amongst the agenda items at one meeting which are part of the day-to-day decision-making process rather than being key matters that merit scrutiny by a Committee of the Council. Committees also receive reports for information, and there are a number of examples of committees 'noting' reports rather than drawing conclusions and/or making recommendations.

26   Other than the current focus on Children's Services' performance, members had difficulty providing us with examples of challenge and improvement reviews. The examples most commonly cited were an improvement review completed in April 2010, which examined the effect of alcohol on the health of the adult population, and one which examined community engagement which was completed in March 2012. The majority of members wished to take a more active role in performance challenge and improvement reviews but our analysis has led us to conclude that the bulk of time is being committed to pre-decision scrutiny at the expense of other forms of scrutiny.

27   These practices have developed over time and result in inefficiency, both in terms of member time and the time of officers in attendance at pre-scrutiny meetings.

28   There is potential to improve the efficiency of arrangements simply through scrutiny committees being more selective of items for pre-decision scrutiny and reconsidering the timing of meetings that take place immediately before the decision-taking meetings.

Whistleblowing arrangements are adequate

29   Public interest disclosure arrangements (more commonly referred to as 'whistleblowing') are adequate, with some scope for improvement. Whilst the Council does not currently have any reported whistleblowing cases it has adequate internal arrangements to receive and record cases as and when they arise. However, reporting arrangements are unclear and should be clarified to show internal reporting lines.

30   The Council has separate policy and procedure documents which together provide a clear basic framework for staff and others to raise issues relating to public interest disclosure. However, someone seeking to raise an issue under the procedure would need to read both documents to fully understand the arrangements The Council should harmonise the information.

31   It is important that employees who wish to report matters of public interest under the arrangements are adequately protected. In this regard the policy and procedure documents would be strengthened by giving more information about safeguards that the Council will provide to employees under the arrangements for whistleblowing.

32   Internal publicity about the Council's arrangements for public interest disclosure has been limited. For example, employees who do not have IT access would find it difficult to locate the policy and procedure documents to report matters of public interest. The Council should also ensure that agency staff and contractors have access to the policy and procedure documents and are made aware of the Council's arrangements for public interest disclosure.

Poor access to information results in a lack of transparency about decision making

33   Around two-thirds of members who responded to our survey believed that it was easy to find out what key decisions had been taken – around one-third said they did not find it easy. We were surprised at the positive response from members about the accessibility of information. We looked for information about recent meetings and decisions taken on the Council's website – which is a method we would expect many citizens would use. We found it especially difficult to find information, in particular:

    •   A lack of forward work programmes for Cabinet and Scrutiny committees.

- A referencing system that did not include report titles meant it was impossible to determine the subject of reports unless all documents on an agenda were opened.

- Examples of minutes that were not accessible via the website.

34   We found that the reason that most members considered it easy to find out the key decisions being taken was because their sources of information were far more accessible than the website available to the general public. Whilst members were briefed by senior officers and provided with relevant documents, the Council website did not make it easy to discover information. The Council had recognised the weakness in accessing information and had begun a process of improvement with the aim of establishing new arrangements by the end of October 2014.

35   The absence of up-to-date published work programmes on the website for cabinet, cabinet boards and scrutiny committees meant that the public and external stakeholders are generally unable to identify items due to be considered in advance of agendas being published. Some members told us they were not always aware of forthcoming items to be discussed at meetings until they received a copy of the published agenda and reports, which in some cases is only a few days prior to a meeting. In recent months the Council has adopted work programmes for Cabinet and Scrutiny Committees and has published them on its website, restoring a practice that was in place two years ago.

36   The Council had adopted a practice of not publishing minutes of meetings until after a Council meeting had been held. The result of this delayed information becoming available, and the practice has now ceased. The Council does not publish draft minutes of committee meetings on the website alongside the papers for meetings at which they will be approved, and therefore members of the public and external stakeholders would be unaware of the content of draft minutes due for approval. Prior to, and during our field-work we also found examples of committee reports being absent from the relevant section of the website as well as errors with website links to papers. For example, of the six Cabinet meetings held from 29 January to 14 May 2014 only two had an appropriate link to the correct minutes on the website, links for two meetings were to the minutes of a meeting held in 2005 and there were no minutes on the website for the meeting held on 9 April 2014. The improved IT system that has been adopted should resolve these issues.

37   Members generally felt that they had positive working relationships with senior officers. The Council's constitution delegates some decision-making power to individual senior officers, however, we found that there is no centrally held record of officer decisions taken under delegated powers and that these decisions are not published and therefore are not accessible to the public and other external stakeholders. It is also not clear how councillors are routinely made aware of delegated decisions taken by officers.

38   The Council is also pro-active when consulting particular interest groups. It has recognised the need to improve its use of technology to produce better information about its business, and work is in progress with the intention of resolving these issues by September 2014.

Proposals for Improvement – Governance	
P1	Establish a skills training programme which supports members to discharge their roles and responsibilities effectively. Introduce formal appraisal of the roles of Cabinet members and Committee Chairs as a means of driving skills development.
P2	Revise scrutiny arrangements to establish a more balanced range of scrutiny activity, produce a forward programme to enable planning and co-ordination of activity and end time-consuming practices that lack impact.
P3	Provide comprehensive and accessible information about the business conducted by the Council.
P4	Improve whistleblowing arrangements by: • clarifying reporting arrangements; • bringing together the information currently held in different documents; and • giving more information about safeguards that the Council will provide to employees under the arrangements.

The Council is delivering improvements in its priority areas but is not evaluating the efficiency of delivery

The delivery of the Council's top priorities is driven by a programme management system which currently lacks clarity about the resources required to ensure continued success

39   In 2009 the Council adopted a programme management approach that focussed on the delivery of its priority projects. The approach clarified accountability for monitoring and delivering projects and used 'highlight reports' as a means of providing briefings for members and to enable decisions to be made in relation to the achievement of key milestones.

40   In 2013 the Council established a new programme, based on its previous approach, with a focus on:

- the continuation of the strategic schools improvement programme;

- the improvement of waste management, in particular recycling and reduction of domestic waste;

- modernising adult social care;

- area regeneration by means of a wide range of activities intended to improve employment opportunities and enhance community facilities; and

- improving the efficiency of council systems and opportunities for citizens to access services.

41   Progress against activities and key milestones is reported on a regular basis and a rating system is used to identify where progress is as planned, or at risk. Some reports are clear about potential risks arising from a lack of capacity at officer level or where there is dependence upon funding becoming available.

42   Whilst this approach has served the Council well in the past, reference to some of the current plans, such as those for modernising adult social care, shows that a number of planned activities first identified in 2009 have not come fully to fruition and remain as areas of activity in 2014. The Regeneration Highlight Report for example contains a wide range of activities and, in this instance, whilst some key successes can be identified including the refurbishment of the Gwyn Hall in Neath, the total number of activities makes it difficult to distinguish a 'priority' from what might be regarded 'normal business' of the team involved. Given the level of budget cuts and staff departures in recent years it is essential that priorities are made clear and delivery of objectives is aligned with the resources available.

Current reporting arrangements do not bring together information in a way that allows the Council to evaluate whether it is making effective use of its resources

43   Current reporting arrangements involve presentation of service performance data to scrutiny meetings. Members also receive updates in relation to the budget position, and, during 2014, began to receive information about performance against planned savings. Whilst information is available it is not presented in a way that enables evaluation of the quality of provision in the context of the resources made available.

44   Over time the Council has established a number of trading entities. Oversight of those entities and review of delivery against intentions has become inconsistent. For example, in 2013 the Internal Audit service reviewed 'Property Bay Wales' and found that since being set up by the Council in 2007, the focus of the business had changed, that there were blurred lines of accountability and that weak accounting arrangements meant that it could not be assumed that the notional annual income to the Council of £300,000 was actually being achieved. Although the Cabinet Board resolved to review the future of this trading entity, after 12 months there is a need to establish more regular performance scrutiny of such entities.

45   The Council has recognised a need to produce better information about the services it delivers and to ensure a consistent approach to performance management.

Services are expected to produce business plans which incorporate areas for improvement but the approach had become inconsistent and some services have stopped producing plans.

46   At the time of this assessment the Council was in the process of revising its performance management framework to strengthen the connection between corporate and service plans. The revised arrangements include the development of service report cards at accountable manager level. These report cards are intended to provide a clear and simple summary of performance using a range of measures that should support evaluation of the quality of performance in the context of the resources deployed.

Results for 2013-14 show improvement in the majority of national performance indicators

47   The Welsh Government requires all councils to report on a common set of indicators to enable a comparison of performance in key service areas across Wales. Thirty National Strategic Indicators (NSIs) have been set that cover the Welsh Government's strategic priorities. Councils in Wales have also adopted 14 Public Accountability Measures (PAMs) because they reflect issues of local importance such as support for carers, school attendance and the condition of highways.

48   In summary, of the total of 43 indicators and measures where a comparison can be made, results for 2013-14 showed that compared with 2012-13 values:

- The Council was amongst the top six in Wales for 24 of 43 indicators, improving its position in comparison with 2012-13 when it was amongst the top six for six indicators.

- 29 indicators showed improvement (although eight results placed the Council amongst the poorer performers in Wales);

- six were unchanged (including five for which the highest possible performance is being achieved); and

- eight got worse, with five leading to the Council falling to amongst the weakest performers in Wales.

49   The data has to be treated with caution because it does not necessarily indicate the quality of service provided, nor does it alone, demonstrate that the Council is making the best use of available resources. The Council has recognised this and work is in progress that, if implemented, will bring together information in a way which enables the impact of activity in terms of the quality and cost of the service to be evaluated.

50   The data relating to education and social care is discussed in more detail in later sections. In relation to the other data, matters of note are that:

   • progress is continuing following the significant improvement in the delivery of disabled facilities grants achieved between 2011-12 and 2012-13; and

   • waste recycling rates improved enough for the Council to avoid the risk of financial penalties.

Pupils reaching the end of compulsory education achieve very good results at below-average cost but there is a risk that poor attendance and underachievement among younger pupils could undermine future performance

51   Pupils in the Council's secondary schools consistently achieve GCSE results that are well above that which might be expected when compared with other schools across Wales with similar levels of deprivation. In 2013 (the most recent year for which comparative data is available), 56 per cent of 16 year-old pupils achieved five or more good GCSE passes that included English or Welsh (first language) and mathematics, well above the average for Wales of 52.7 per cent. Almost every Year 11 pupil who left full-time education in 2013 had at least one recognised qualification.

52   In contrast, teachers' assessments at earlier stages of pupils' education frequently suggest that there is considerable underachievement. At the end of their primary school education, for example, 82 per cent of pupils in Neath Port Talbot achieved the core subject indicator in 2013, below the Wales average of 84.3 per cent. Almost one-third of primary schools achieved results that compared unfavourably with schools elsewhere in Wales with similar levels of deprivation. Recently published results show that results in primary schools improved by less than the Wales average in 2014.

53   Rates of attendance in primary and secondary schools tend to reflect the results attained by pupils. Attendance in primary schools compares unfavourably with that in other authorities in Wales. In contrast, attendance in secondary schools remains high, with attendance rates in three-quarters of schools comparing favourably with those in schools elsewhere in Wales with similar levels of deprivation. Rates of permanent and fixed-term exclusions from Neath Port Talbot secondary schools were a little higher than the Wales average in 2012-13, but the number of fixed-term exclusions that last for six days or longer continued the downward trend of recent years.

The schools improvement programme is modernising facilities and managing surplus places

54   The Council is responsible for ensuring an adequate supply of school places in an efficient manner. In January 2013, there were some 6,600 surplus school places distributed across the 79 primary and secondary schools. The number of surplus places increased slightly in comparison with the previous year, in contrast to the trend across Wales. More than 25 per cent of school places are empty in both primary and secondary schools. In 2008 the Council commenced its strategic schools improvement programme with the intention of addressing surplus places and modernising the facilities available to young people.

55   Despite the comparatively high cost of surplus places, the Council has, in recent years, succeeded in reducing significantly its expenditure on education relative to that on other services. For 2014-15, the Council's net planned expenditure on education represents £4,979 per pupil, only slightly above the Wales average. The equivalent figure for 2009-10 was £4,963 per pupil, the fifth highest amongst local authorities in Wales. For 2014-15, the gross costs of the primary and secondary school systems, taking account of both delegated and non-delegated funding, but excluding home-to-school transport, are slightly lower than the average for Wales.

The Council is modernising social services and childrens services remain subject to monitoring by the Care and Social Services Inspectorate

56   The Care and Social Services Inspectorate Wales (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. The CSSIW *Performance Evaluation Report 2013-14* was published in October 2014. The report refers to the development and modernisation of social services in Neath Port Talbot and the continued monitoring of childrens services. A copy of the evaluation can be obtained via the CSSIW website www.cssiw.org.uk.

57   In our Annual Improvement Report published in June 2014 we said that the Council was subject to the CSSIW 'serious concerns' protocol. We reported the results of a CSSIW inspection that assessed the progress the Council was making in addressing the issues that had led to the protocol being put in place. The Council is subject to continued monitoring under the protocol and a further CSSIW inspection is scheduled in 2015. The CSSIW will publish the results of this inspection on completion of its assessment.

Published data shows improvements in most social care indicators

58   Data about children's services in 2013-14 showed comparative improvement in nine of the 13 indicators.

- the stability of placements of looked-after children improved;

- contact with 19 year olds who were formerly looked-after children improved as did the Council's knowledge of their circumstances;

- the percentage of looked-after children experiencing a change of school did not change significantly and the Council performed poorly in comparison with other councils in Wales; and

- whilst the Council ensured all first placements had a care plan, the percentage of initial assessments that were completed where there was evidence that a child was seen by a social worker fell.

59   Data about adults services in 2013-14 showed the Council sustained the best possible performance for two indicators and comparative improvement in four of the seven indicators and:

- the Council sustained the best possible performance in managing adult protection referrals and offering carers assessments of their support needs; and

- delays in transfers of care were reduced along with improvements in relation to the completion of care plan reviews and two indicators relating to support in the community.

60   Performance remained static in relation to the proportion of older people supported in care homes with the Council being amongst the weaker performers in Wales for this indicator.

The Council has improved its arrangements for safeguarding children and is addressing remaining weaknesses

61   The safeguarding of children is everyone's responsibility. Local authorities have a statutory duty to have in place safeguarding arrangements which include strategic planning, support and guidance for all providers of relevant services in their area, and the direct provision of some services themselves. In particular, local authorities have a duty to work in partnership with others to secure the safeguarding and wellbeing of children in their area, including the Local Safeguarding Children Board.

62   In August 2014 we reported the results of our assessment of whether the Council's governance and management arrangements provided assurance that children were safeguarded. We concluded that arrangements had improved in the past year and we have provided the Council with a detailed report including proposals for improvement. For this reason we do not repeat the proposals for improvement in this report but will be monitoring progress in their implementation during the year to come.

63   The Council has proper governance arrangements in place for overseeing activity. Relevant senior officers provide links between strategic planning and the delivery of arrangements working across a range of services and with external partners. Positively, the Council has produced safeguarding guidance for non-statutory organisations, which is designed to provide information to organisations regarding their roles and legal responsibilities in safeguarding children. Likewise, there is evidence that officers and members know who the Local Authority Designated Officer for safeguarding is. However, we did find that some senior officers were not fully aware of the corporate risk management arrangements, with different staff outlining different approaches.

64   There is evidence that information and performance are being monitored, evaluated and challenged. The Council's quality assurance framework sets out eight good practice standards and the criteria used to measure them. The Council uses its quality assurance framework to judge the effectiveness of children's safeguarding, together with Local Safeguarding Children Board audits. However, at the time of our review the system had only just been introduced. Once established and working, these changes should provide the Council with better information to judge service performance and assure itself that its arrangements are working effectively. In addition, a great deal of information about safeguarding children and young people is held in different areas of the Council and it is conscious that this needs to be pulled together corporately.

65   Safeguarding is not currently included on the Council's internal audit programme. However, there is some evidence that the Council is learning from evaluations of services. The Council uses child practice reviews as a source for learning the lessons from system failures and incidents and training representatives attend the strategic training management group looking at themes to incorporate into training and development. However, senior officers say that although the Council is moving to improve arrangements, information sharing is not well developed.

Proposals for Improvement – Performance Management	
P5	Ensure programme delivery expectations are based on a realistic assessment of resources available – especially in the Transforming Adult Social Care and Regeneration programmes.
P6	Place a focus on poorer performing schools to drive and sustain improvements having regard to the levels of performance expected for schools in Wales with similar levels of deprivation.
P7	Implement proposed performance reporting improvements to bring together information in a way that allows the Council to evaluate whether it is making effective use of its resources. Introduce performance review arrangements that enable evaluation of the contribution of internal trading agencies to the achievement of the Council's objectives.

The Council has a track record of meeting overall savings targets, but early financial pressures threaten the achievement of future planned savings

The Council has a track record of balancing its budget

66   The Council has successfully identified its budget gaps over the last three years and the assumptions and calculations it used as part of the budget setting process were sound. It has however experienced budget pressures due to increasing demand, in particular for social services. Although the overall budget came in on target, over the three year period 2011-12 to 2013-14 additional spend in the Social Services budget was offset by underspends elsewhere.

67   The Council services were delivered within the 2013-14 cash limits set for directorates. Overall savings targets have been met in the past and where slippage has occurred contingency plans have been successfully applied. The Council has since introduced a detailed savings plan incorporated within the Forward Financial Plan (FFP) to improve transparency about the intended source of savings so that the impact of a failure to achieve what was intended can be assessed in the context of the Council's priorities.

The Council has drawn up a detailed savings plan for 2014-15 which will enable it to identify whether budget setting decisions are being implemented

68   The Council identified that it must save £17.3 million in 2014-15 if it is to balance its budget. The decisions about the areas of activity subject to planned savings for 2014-15 were informed following a consultation exercise that considered the views of key stakeholders. The consultation process examined current service provision and introduced proposals to fundamentally change the way the Council operates and delivers its services over the longer term.

69   Proposals have been subject to consultation with service users, staff, trade unions and scrutinised by the relevant committees. Proposals were prepared in the context of prioritising the Council's six improvement objectives. The result of the exercise has, for example, led to the transfer of libraries management to local communities, provision of a service by a community council and agreement of funding allocation criteria with third-sector organisations that secured savings of £400,000 in 2014-15.

70   The Council has a number of review mechanisms in place to monitor and challenge financial performance and it is clear who is responsible for managing budgets. Officers are held to account for budget overspends and for replenishing any budget shortfalls from departmental budgets. More recently the Chief Executive has included objectives in respect of achieving necessary savings as part of the senior manager appraisal process.

Savings proposals are not consistently giving an indication of the consequence in terms of the future sustainability or quality of a service

71   Other than for those areas where a savings proposal is to 'stop delivering' or 'withdraw funding', there is no clear connection made between the savings targets in the FFP and the likely impact on the quality of service/workforce. For example the FFP proposes: 'Cessation of corporate data analysis and research function, currently hosted by planning section.' There is a list of savings in the Planning Department Business Plan, and this action is included but there is no attempt to explain the impact of ending the activity including any knock-on effect on other services. Savings proposals can be improved by identifying any anticipated decline in the range/quality of services and any impact on performance and customer experience.

72   The Council has also successfully negotiated two consecutive workforce agreements with trade unions and introduced a Voluntary Redundancy Scheme, in line with the Council's policy to seek to avoid compulsory redundancies. Given the loss of many posts, as savings plans come to fruition there is an increased risk of capacity affecting compliance with key financial controls.

The latest budget review of savings plans for 2014-15 has identified unanticipated cost pressures and highlighted the level of risk associated with their overall achievement

73   The 2014-15 Budget shows a net Revenue Budget of just under £270 million, a cash reduction of just over £6 million from 2013-14. The Council forecasts that it will need to meet a £38 million funding shortfall over the next four years and is in consultation about how this might be achieved.

74   The Budget takes account of cost pressures including pay awards, price and income inflation, job evaluation and a required underspend of £1.158 million to fund a reserve for the Early Retirement and Voluntary Redundancy Scheme. A review of other specific reserves has released more than £4 million into this reserve. The Council estimates that it will use just over £3.292 million to enable the release of some 150 employees, some by March 2014, and some the following financial year.

75   This year the Council has produced detailed savings proposals for each service which will enable closer monitoring and avoid calls on other budgets to meet savings targets. However, the budget update for cabinet in July 2014 for the quarter ending 30 June describes unanticipated pressures totalling £2.138 million indicating an additional risk to the achievement of planned savings.

Accounting instructions, financial regulations and policies on income and charging are not up to date

76   The Council's financial governance framework is its constitution, supplemented by financial regulations, contract procedures and accounting instructions. The accounting instructions and financial regulations referenced in Council plans were out of date in many cases.

77   There is no overall corporate policy governing income generation and charging, so the Council cannot ensure that concessions are being offered to appropriate target groups in a consistent manner. We were told that directorates maintain income generation and charging registers along with statistics on usage and charges. We were also told that the Council is identifying the scope for increasing income generation at directorate level, but this work does not appear to form part of a cohesive corporate approach to income generation and charging.

Proposals for Improvement – Financial Planning
P8   Improve financial planning and monitoring by combining financial and performance information more effectively, particularly reinforcing links between the Forward Financial Plan and Business Plans.
P9   Clarify the corporate policy on income generation and charging to ensure a consistent approach to concessions and target groups.
P10   Improve reporting of financial information to assist understanding of: • the implications of savings plans and additional pressures on the quality and range of services especially those services which support improvement priorities; and • the links between budget reports and the Forward Financial Plan to explain the impact on the savings target and risk assessment.
P11   Review Accounting Instructions and Financial Regulations to ensure they reflect the latest working practices and Council policies and communicate requirements to staff.

The Council has a clear strategic vision for its human resources function but lacks the supporting arrangements necessary to ensure its delivery

78   The Council's People Strategy 2012-2017 has three objectives:

- 'The Right Number of People in the Right Place' – 'To ensure that we recruit, retain and deploy the right number of people in the right place to deliver the Council's priorities.'

- 'People with the Right Skills' – 'To ensure that every employee has the opportunity to develop the skills, knowledge and experience necessary to fulfil their potential and deliver the Council's priorities.'

- 'People doing the Right Things' – 'To create a culture in which the importance of strong and inspiring leadership is valued, with high performance and a concern for people being viewed equally.'

The Council lacks effective workforce planning arrangements

79   Over the past two years there have been seven changes amongst senior manager positions as a result of the retirement or departure of staff. The savings strategy anticipates future reductions in staff but the impact of these reductions on service delivery are not currently reflected in a workforce plan that will ensure the Council meets its objective of having the right number of people in the right place.

80   The Council has identified that it lacks reliable workforce data to enable it to plan in the short, medium and long term, the changes needed to deliver future services. The Council expects to complete data cleansing and updating by March 2015 and this is essential if systematic and comprehensive workforce planning is to be conducted.

The Council lacks a performance appraisal system that ensures staff are clear about their priorities and are equipped to deliver the service expected of them

81   A performance appraisal process was first introduced by the Chief Executive in 2010. Having recognised inconsistency in its application, fresh impetus has been given in 2014. A suite of objectives against which performance can be evaluated has been agreed and the first mid-year assessment meetings have taken place. The Chief Executive has recently undergone an appraisal by a multi-party group of Members. Subsequent appraisals by the Chief Executive have taken place for Corporate Directors and Heads of Service. Third-tier managers have also now been invited to participate in this new style appraisal process. All other staff will resume completion of the existing employee development review (EDR) system as improved arrangements are developed.

82   The EDR system had not been implemented consistently across the Council and some staff told us they received no formal feedback on their performance. Managers, staff and trade unions also expressed concern at the piecemeal implementation of staff appraisals, their perceived lack of purpose and outcomes.

83   The Council does not have a corporate induction process for new entrants (although there has been limited general external recruitment in recent years) or those returning to the Council following a lengthy spell of absence. Induction arrangements are in place in Childrens Services where most external recruitment has taken place in recent years.

Proposals for Improvement – Human Resources
P12 Ensure full adoption by December 2015 of an appraisal process that ensures staff are equipped to do their jobs and enables people to be held to account. • Implement an induction process and ensure new staff are briefed on corporate expectations. • Establish a Workforce Plan.

Asset management arrangements are supporting improvement

The Council's Asset Management Plan reflects many good practice principles and steps are being taken to integrate asset management with service business plans

84   The Council has an Asset Management Plan for 2011-16 (the AMP) which reflects good practice principles such as reference to corporate, business and property objectives, as well as providing a strategic perspective over a five-year period. The AMP is supported by an annual property performance report which provides a range of performance information, an appraisal of condition and a commentary of progress against targets. Property condition data is informed by a rolling four-year programme of surveys. Backlog maintenance costs are estimated at £151 million and are not considered to be affordable. The forward financial plan, proposes £50,000 of savings in buildings maintenance in 2014-15.

85   Whilst progress against the nine objectives in the AMP is reviewed annually and activity is updated, the 2011-16 AMP has not been updated to correspond more closely to the current priorities set out in the Corporate Improvement Plan (CIP) 'Rising to the Challenge' 2014-17. This lack of alignment can be remedied relatively easily and the AMP can be updated to provide a strategic framework for the next five years.

86   The Council is taking steps to improve the integration of asset management with service business planning having run property workshops with property owning services. Property specialists raised awareness of potentially costly and unwanted property in order to reduce maintenance backlog, release capital receipts and discover opportunities to use the corporate estate more intelligently. The information considered at the workshops is not yet fully captured in service business plans – doing so would further strengthen asset management arrangements by making clearer connections with future service delivery requirements.

Informal working arrangements are driving improvement but also bring risks as additional demands are placed on people resources

87   There have been notable achievements during the lifetime of the current AMP. It has driven the consolidation of office activities; secured a replacement facility for the fire-damaged Afan Lido building; identified more efficient ways of providing the library service; supported the Strategic Schools Improvement Programme; rationalised the depot portfolio and supported plans for the redevelopment of the Gwyn Hall in Neath.

88   The AMP identifies significant demands on people resources with just one property professional and one other member of staff now dedicated to corporate asset management work. The Council relies on the corporate property officer to manage and oversee a corporate approach to land and buildings management. The property officer's role is to network with property holding services to develop an understanding of roles and responsibilities for property.

89   The property officer is supported by a Strategic Asset Management Working Group (SAMWG) which has been in place since 2011. The SAMWG meets on a needs basis when property decisions are required or when meetings are called by the property officer, generally twice a year. This is not a formally constituted group and as such it has no terms of reference. The purpose of the group is to co-ordinate plans for assets in the absence of plans for classes of assets or service asset management plans. To date this arrangement has worked well and custom and practice have led to a strong corporate culture of co-operative and co-ordinated work on property matters. Representatives who attend the group include chief officers responsible for information technology, highways, fleet and relevant service representatives.

90   The property officer also has links with the Council's transformational programme boards, for example, the Transforming Adult Social Care Board where strategic planning in relation to property has been an integral part of the process. The boards include relevant officers and involve property decision making. This has enabled property decisions to be made within the context of service planning and remodelling.

The Council has utilised property assets to support collaborative activity and identified the properties available throughout the County Borough to support future decision making about retention or disposal of property

91   The Council has conducted a Community Buildings Review which was reported to the Economic and Community Regeneration Cabinet Board in December 2013. The review supports a plan that organises the county borough into six geographical areas. For each of these areas, two further plans have been produced that identify the properties that are owned/occupied by the Council and other publicly owned properties that are currently linked on the Council's property database.

92   This review has helped to identify opportunities to share buildings for the delivery/ provision of services not only internally, across Council services but also with other public bodies and community groups such as the recent co-location of 85 Neath Port Talbot and Abertawe Bro Morgannwg University Health Board adult social care staff who now work alongside one another in the Cimla Resource Centre. Accommodation is also shared by the three Council partners engaged in the Western Bay Adoption service. During 2014 the Council also transferred properties to community groups as a means of supporting delivery of local services by local people.

Proposals for Improvement – Asset Management	
P13	Update the Asset Management Plan so that it acts as a point of reference for the next five years and corresponds more closely to current priorities set out in the Council's Corporate Improvement Plan
P14	Ensure asset management consideration is included within Service Business Plans
P15	Formalise arrangements for the Strategic Asset Management Working Group by: • producing a terms of reference and stating expected corporate working practices (based on existing custom and practice); and • produce an indicative annual work programme, and produce notes of decisions made by the Group

The impact of reduced resources on the future support and development of information technology has not been assessed and weaknesses in information management arrangements present a reputational risk

Whilst the Council is able to demonstrate development of its information technology it has not fully considered the impact of reduced resources in the future

93   Effective use of technology is essential for transforming the delivery of public services, improving outcomes for citizens and delivering efficiency savings. Technology can support different ways of working, delivering services and engaging with citizens, enabling councils to deliver more for less. The way in which technology is delivered and managed has a direct impact on the efficiency, effectiveness and quality of work undertaken across the Council and affects almost every council worker. This section provides our findings about the way in which the Council manages its information technology (IT).

94   We first reviewed this service in 2011 when we found that the Council had made significant improvements to its technology infrastructure and had in place the technology foundations and governance arrangements to deliver efficiencies and service transformation.

95   Since our 2011 review, savings have been achieved through rationalising the IT service desks and IT support contracts, replacing an ageing IT infrastructure and through voluntary severance of employment. This has been achieved through a reduction of capacity, skills and experience over the last three years, which has resulted in 105 staff being engaged in delivery of the service during 2013-14 compared to 120 in 2011-12. Further staff reductions are scheduled during 2014-15 to meet savings targets, the expectation being that by 2015 the service will employ 20 per cent fewer staff than it did in 2011-12.

96   The Council's IT service department is currently split into four sections covering:

- customer services – application development and support;

- infrastructure – infrastructure, networking and telephony;

- business relations – service desk, training and budget; and

- business security – information management and security.

97   The IT department has been delivering against service-specific objectives for 2013-14. The key achievements included:

- expanding the wireless infrastructure into all Neath Port Talbot schools by installing approximately 1,000 wireless access points and network switches;

- developing an in-house emergency planning system for the Joint Resilience Unit with other public services in South West Wales including Swansea Council;

- reconfiguring the IT service desk with an improved telephony system to help ensure more calls are received first time;

- developing mobile applications to provide Council tradesmen staff with job instructions in the field; and

- provision of iPads to members, although some members told us they felt training in their use could be improved.

98 Priorities for the development of new IT systems are decided at officer level having regard to the delivery of corporate priorities and the resources available. The Council has recently reviewed its IT strategic and delivery plan arrangements for developing, using and supporting technology. The emerging revised strategy has the potential to support improvement but it is yet to resolve the impact of continuing IT resource reductions on the ability to support and develop systems in the future.

99 Performance information is limited and mainly focussed on the performance of the IT service desk. A service performance 'scorecard' is being developed as part of the wider corporate development of performance evaluation systems.

Weaknesses in information management arrangements present a reputational risk to the Council

100 The Council has a range of specific legal obligations for handling the personal information it holds about individuals and dealing with requests for information. In this section we provide our findings about the arrangements the Council has in place to ensure it meets these obligations.

101 We first reviewed information management arrangements in September 2011 when we reported that there was awareness of the issues to be addressed and that plans were in place to further improve both arrangements and performance. At the time we made four proposals for improvement. The Council had implemented two of these proposals by the time of this assessment and we understand it had decided to accept the risk we had identified in relation to the proximity of the buildings it was using to ensure business continuity. In 2011 we also proposed that the Council should address non-compliance issues in relation to Freedom of Information (FOI) requests because at the time its records showed that it only responded to 92 per cent of FOI requests within the statutory deadline. We were advised that officers believed that non-compliance with statutory deadlines was no longer an issue, however, the Council failed to give us assurance that this was the case.

102 The Information Commissioner's Office (ICO) is the United Kingdom's independent authority set up to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals.

103 In early 2014 the ICO was invited by the Council to undertake an audit to review the Council's information governance arrangements. Whilst the ICO found some areas of good practice it gave its second lowest rating, judging the Council's arrangements to provide 'limited assurance'. The ICO identified the need to enhance existing processes across a range of areas:

- the improvement of corporate oversight, governance, roles and responsibilities for information governance assurance and compliance;

- the need for information governance training and awareness raising;

- a need to improve arrangements for handling of subject access requests; and

- a need to improve arrangements for handling the Wales Accord for the Sharing of Personal Information and Information Sharing Protocols with third parties.

104   The Council is in the process of implementing an action plan intended to address the recommendations made by the ICO. We understand that there has been limited progress in addressing the need to provide consistent information governance training and awareness training. Combined with a lack of clarity on the part of the Council about which staff need such training and the means by which it will be delivered, this presents a continuing risk.

105   Officers have drafted an Information Strategy. Officers indicate this is unlikely to be finalised for consideration by members until the Autumn of 2014 at the earliest. The draft we have seen does not yet include reference to the way in which the Council should judge the success of the strategy if adopted.

106   The Council is not evaluating its performance in respect of dealing with Data Protection and Freedom of Information requests. The only measure collected and reported internally is the number of complaints on the handling of data protection subject access requests. Requests are recorded on an in-house database by staff in Legal Services. Council Directorates can update the database for progress on information requests. We were told that officers want to prepare some annual reporting on the volume of requests although this is not yet in place.

107   We also found weaknesses in considering expected practice in Social Services. Little awareness was demonstrated of the applicability of the 'Caldicott'[1] requirements to Social Care, and Social Services have not completed a self-assessment to identify a baseline position against the Caldicott requirements.

108   An Information risk register has been completed to identify corporate-wide information risks but can be further strengthened to incorporate fully those information risks from the Council's service areas. Performance management arrangements for reporting information management to the Council's Information Security Forum are developing and can be further strengthened in line with the Council's new approach to performance management. The Information Security Forum is presented with a monthly data protection report for scrutiny. The membership of the forum has been extended to ensure representation from all service areas, for example, from both Education and Communities, and to ensure that appropriately senior staff attend.

109   The Council's Annual Governance Statement says little about information governance or information management and should include more detail. The production of an annual information management and governance report is considered good practice and should be produced for Council committee scrutiny and challenge.

1   The Caldicott Report examined information governance in the health sector and established guiding principles for the management of personal information. The Welsh Government issued a non-statutory code of practice as guidance for those working in health and social care in 2005 based on the application of the principles in the Caldicott Report.

Proposals for Improvement – Information Technology and Information Management
P16 Ensure the Information Technology Strategy identifies and mitigates risks arising from reduced staff resources.
P17 Finalise the Council's Information Strategy and communicate this to all staff.
P18 Provide an annual report on information management and information governance matters to members to enable them to evaluate performance and the effectiveness of arrangements.

The Council collaborates with a range of partners to secure improvement and sustain services but lacks a consistent approach to evaluating the outcomes being achieved

The Council collaborates across a wide range of activities to deliver shared priorities

110 The Council collaborates with a wide range of partners – including statutory and voluntary agencies – to establish strategic approaches and joint delivery of services such as social care and community safety. More locally focussed work with communities and Community Councils has helped ensure continuation of services which the Council may have been obliged to cut.

111 The LSB is made up of the Council and 12 other partners with an interest in the area and resources to contribute to meeting local needs. Partners include statutory bodies such as the Police and the Fire and Rescue Service, the private sector, the voluntary sector and other partners such as the local college and job centre. In July 2013 the LSB published its SIP. This sets out the vision of the LSB to – create 'a Neath Port Talbot where everyone has an equal chance to be healthier, happier, safer and prosperous'. By clearly setting out a range of shared priorities and intended actions the SIP provides a clear picture of what the partners are aiming to deliver.

112 The Council has also collaborated with other organisations to secure or sustain service improvement:

- Establishing Celtic Community Leisure Trust in 2002: contracting with the organisation for the management and running of leisure centres and swimming pools. The aim was to sustain services at a lower cost.

- Consulting tenants leading to the creation of NPT Homes as an independent registered social landlord to ensure homes achieve the Welsh Housing Quality Standard.

- Transferring residential care services (including staff and care homes) to Grwp Gwalia in 2012 on a 25-year contract. This was a means of improving the range and nature of services provided, as well as implementing a programme of replacing old, unsuitable buildings with purpose built accommodation provided to modern standards.

113 Both the recent NPT Homes and Grwp Gwalia arrangements are clear about what the collaboration is intended to deliver. However, the Council has reviewed contractual arrangements with Celtic Community Leisure Trust. It realised that whilst original intentions were clear, the elapse of time, new pressures and new facilities developed by the Council meant that it needed to establish a clear strategy for leisure and cultural activity in the area before it was appropriate to enter into a new contract with the Trust. During 2014, the Council has been developing its Leisure and Cultural Strategy to provide a framework for future delivery to support the delivery of its priorities.

114   The Council is a member of the Western Bay Collaborative, comprised of three local authorities (Neath Port Talbot, Bridgend and Swansea) the Abertawe Bro Morganwg University Health Board, Probation Service and representatives of the providers of services that support vulnerable people. The aim of the collaborative is to identify where regional working is in the best interests of citizens and to drive forward the necessary changes to bring that into effect. The collaborative is working in a number of ways to improve efficiency of delivery of key services, two examples are:

- the Western Bay Safeguarding Children Board and Safeguarding Adults Board have been established to strengthen arrangements by promoting multi agency working and consistency of standards across the region; and

- Joint Western Bay Youth Offending Team Management Board was established in May 2014 to oversee the development of a joint service with the aim of sustaining and developing services across the region and reducing overall costs.

115   The Council has an effective and long-established working relationship with Neath Port Talbot Council for Voluntary Services (CVS). The strength of the partnership is founded upon 'a way of working' that has developed over a number of years. The Council, in the context of personnel changes, and financial challenges, will need to ensure the strengths of working relationships are maintained.

Exhibit 1: Good practice in voluntary sector liaison

During the budget consultation for 2014-15 the Council engaged with the CVS in the development of criteria for assessing the services provided by voluntary organisations as a means of deciding future funding provision in the context of the financial savings that the Council was required to make.

Prioritisation for funding was based upon the clarity of the contribution made by a voluntary organisation to meeting the priorities of the Council. Joint meetings between the voluntary sector and the Council were held to assess whether contributions were fully meeting, partially meeting or not meeting Council priorities. Those not contributing to the achievement of Council priorities faced withdrawal of funding. Those fully or partially meeting priorities faced funding reductions in proportion to the contribution being made.

Whilst a challenging process, this supported decision making by prioritising the allocation of resources to those organisations in the voluntary sector who could be seen to be contributing to the delivery of Council priorities.

116 At a local level budget consultation processes have led to the involvement of communities and some community councils in the management and delivery of local services such as:

- the Community Council providing a school crossing patrol in Neath;

- community centre management being undertaken by a local community; and

- a library service being managed by a local community.

117 Such local involvement has tended to be reactive to date in the context of addressing immediate budget pressures. In the face of significant budget challenges the Council has continued to engage with its communities and there is scope for the Council to work with its key partners such as the CVS to adopt a more strategic approach and support capacity building within communities.

The Council monitors collaborative activity but limitations in information presented about the resources deployed mean that it is unable to fully evaluate the effectiveness and sustainability of some partnerships

118 In April 2014 the LSB published its first annual report of progress in 2013-14 against the four cross-cutting priorities agreed by partners and making reference to wider partnership activity that had progressed over the period. The report, Neath Port Talbot Single Integrated Plan Annual Report 2013-14 explains the results of activity during the period and uses specific indicators (such as health survey data) to illustrate trends in priority areas of activity. Also in April, the Council agreed new arrangements for its scrutiny committees to play a more active role in reviewing performance during the year.

119 A common issue raised by those we spoke to during this assessment was the sustainability of some collaborative arrangements in the context of the financial pressures and staff reductions faced by public services and those dependent upon public sector funding. At present, whilst including a number of measures we would expect to see in place, SIP reporting arrangements provide limited information about all of the resources being deployed in the delivery of activities. This makes it difficult for the LSB and individual partner organisations to establish a clear view about the efficiency and sustainability of delivery streams. The Council is in the process of strengthening its internal performance reporting arrangements and the framework it is adopting provides a model for the further refinement of SIP reporting arrangements.

120 The Council has also been monitoring the delivery of other activities by NPT Homes, Grwp Gwalia and Celtic Community Leisure Trust. Our observation of the presentation of monitoring reports to scrutiny suggests there is limited challenge and there appears scope for the Council and the service providers to reflect upon the nature of information being provided and how well it enables an evaluation of the effectiveness of delivery.

Proposals for Improvement – Collaboration
P19   Engage with key partners to establish a programme of community capacity building to support alternative methods of service delivery.
P20   Further develop reporting arrangements to enable evaluation of the effectiveness and sustainability of collaborative activity.

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 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 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 – 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 29 September 2014 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 2014, and a more detailed report for officers will follow in due course.

Over the last two years significant improvement has been made in the accounts production process, although the impact of staff leaving under the voluntary redundancy scheme did affect some directorates this year. We will continue to work closely with officers and members through our regular meetings and the Audit Committee to ensure we build on this improved performance.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources although areas for improvement have been identified.

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 there are no issues that would impact on the unqualified audit opinion given on the 2013-14 statement of accounts 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 when he publishes his Annual Improvement Report and Corporate Assessment 2014 shortly. It is vital that the Council addresses any issues raised if it is to achieve improved performance.

Going forward, the extremely challenging financial position faced by all local government bodies in Wales will have significant implications. Prior to the latest budget settlement, the Council was reporting a budget gap of £38.3 million for 2014-18, with £17.3 million of these savings needing to be made in 2014-15. Even though the recent budget settlement for the Council was better than anticipated, there is still the need to make significant savings over the next three years.

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 29 September 2014.

Previous years' work on certification of grant claims and returns identified areas for improvement which we expect to be actioned for the 2013-14 grants audit.

We have been reporting for a number of years that the processes in place for the management and production of grant claims needed to improve. Officers have put processes in place but these are not always adhered to. Our audit of the Council's 2013-14 grants has now begun and we are anticipating improved processes will be in place, we will report on the outcome of our work early in the new year when our work has concluded.

The financial audit fee is currently expected to be in line with the agreed fee set out in the Annual Financial Audit Outline.

Yours sincerely

Richard Harries
For and on behalf of the Appointed Auditor

18 November 2014

cc. Steve Phillips, Chief Executive
    Hywel Jenkins, Director of Finance

Appendix 3 – 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 2014-15. They were:

2014-15 Improvement Objectives
'Safer, Brighter Futures' Improve outcomes for children in need and children looked after by improving the performance of the Council's Children and Young People Services Department.
'Brighter Schools Brighter Prospects' Raise educational standards and attainment for all young people.
'Maximising Choice and Independence' Maximise the number of adults who are able to live independently with or without support within the home of their choice within their community.
'Prosperity for All' 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.
'Reduce, Reuse, Recycle' Increase the percentage of waste recycled and composted.
'Better, Simpler, Cheaper' Improved 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.

Appendix 4 – Certificates of compliance

The Council is required to produce forward looking plans setting out its improvement objectives for the year ahead and producing reports about its performance in the previous year. The Auditor General has a duty to audit these documents and certify whether the Council has discharged its duty.

In June and November 2014 the Auditor General issued certificates confirming that the Council had discharged its duties under section 15 of the Local Government Measure 2009, and had acted in accordance with Welsh Government guidance sufficiently to discharge its duties.