



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

# Annual Improvement Report

## **Newport City Council**

January 2011



## Annual Improvement Report by the Auditor General for Wales

This report is written by the Wales Audit Office on behalf of the Auditor General for Wales. (An explanation of what the Auditor General does is at Appendix 1). It is a new report that he is required to publish about how well Welsh councils are improving their services. With help from other inspectors like Estyn (for education) and the Care and Social Services Inspectorate for Wales, we have brought together a picture of what the council is trying to achieve; how it is going about it; and what it needs to do to improve its approach to improving services.

This Annual Improvement Report sets out that picture and each year we will produce a report to let you know what progress Newport City Council (the Council) has made. We have not covered all the services the Council provides. We have focused on a small number of things, especially those things that the Council has said are its priorities for improvement.

We want to find out what you think of the services the Council is providing in your area and will be giving you an opportunity to comment in the future. In the meantime we would like to know whether this report gives you the information you need, and whether it is easy to understand. You can let us know your views by emailing us at [info@wao.gov.uk](mailto:info@wao.gov.uk) or writing to us at 24, Cathedral Road, Cardiff CF11 9LJ.

The Wales Audit Office study team that assisted in preparing this report comprised, Steve Barry and Janet Villars under the direction of Jane Holownia.

This report has been prepared by the Wales Audit Office on behalf of the Auditor General for Wales as required by the Local Government (Wales) Measure 2009. The Auditor General for Wales assesses the compliance of Welsh improvement authorities (county councils, county borough councils, national park authorities and fire and rescue authorities) with the improvement requirements of Part 1 of the Local Government (Wales) Measure 2009.

The Auditor General for Wales and his staff together comprise the Wales Audit Office. For further information about the Wales Audit Office please write to the Auditor General at 24 Cathedral Road, Cardiff, CF11 9LJ. Telephone 029 2032 0500, email: [info@wao.gov.uk](mailto:info@wao.gov.uk), or see website [www.wao.gov.uk](http://www.wao.gov.uk).

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# What kind of area is Newport?

- 1 Newport, stands at the gateway between England and Wales. The city covers a geographical area of just over 73.5 square miles (190 km<sup>2</sup>). It is traversed by the M4 motorway connecting it with Cardiff to the west (where many residents work) and Monmouthshire to the East. To the north are Caerphilly and Torfaen, with the coast to the south. In size it is the fifth smallest local authority area in Wales, accounting for 0.9 per cent of Wales's total geographical area.
- 2 Based on 2009 estimates the population is 140,355 and projections show it will increase by over nine percent by 2033. In 2007 it was estimated there were 59,513 households in Newport. In 2009 the age profile showed the number of children under 16 to be around 20 per cent of the population whilst 17 per cent were estimated to be aged 65 and over. This means Newport broadly reflects wider population trends in Wales.
- 3 In July 2010 Newport had the third highest level of unemployment in Wales. Around 4.9 per cent of the working age population were claiming jobseekers allowance and national insurance credits. The Welsh average was 3.6 per cent.
- 4 In Newport, neighbourhoods with some of the country's highest levels of social deprivation sit next to some of those with the greatest affluence. Between 1999 and 2009 earnings in Newport were above the Welsh average although the gap narrowed slightly over this period.
- 5 Over a third of the population of Wales live within an hour of the city and Newport is the second biggest destination for commuters in Wales. Around 33 per cent of jobs were in the public administration, education, health service sectors in 2008. Overall, there were estimated to be 3,805 businesses in the city, employing around 75,000 people. The main areas for these businesses are in distribution, transport and communications (28 per cent), finance and business activity (19 per cent) followed by production (15 per cent).
- 6 Further information about Newport and Newport City Council (the Council) is available in [Appendix 2](#).

## geographic area

190 km<sup>2</sup>



## population

140,355



## age profile

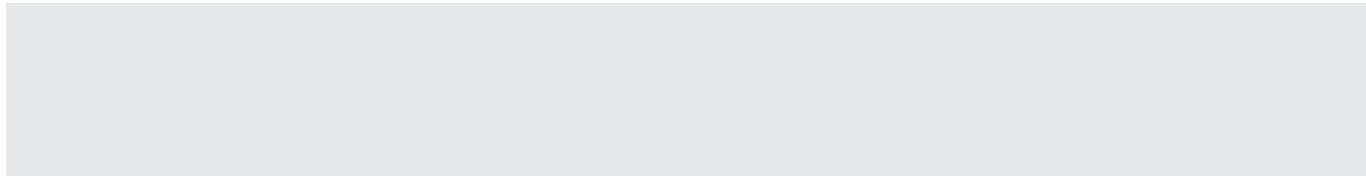
20% 0-16

17% >65



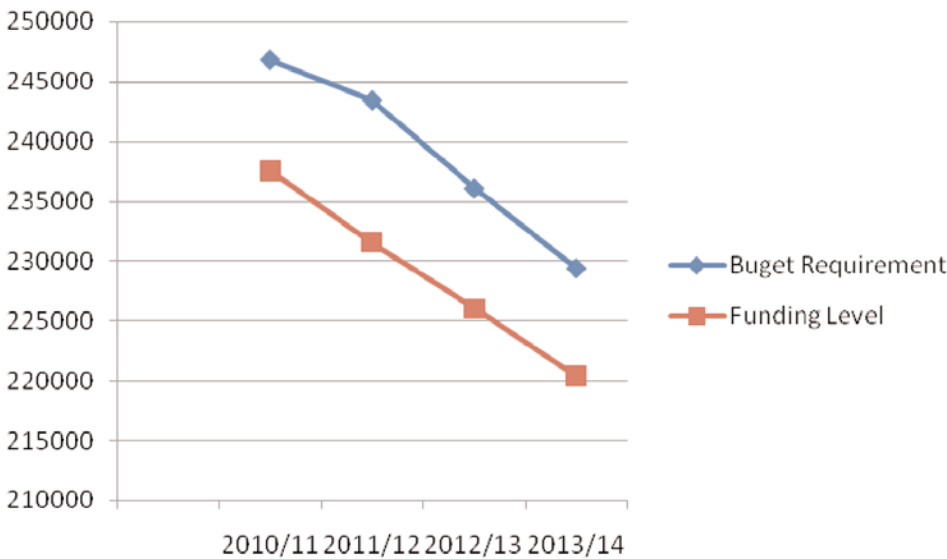
# Is Newport City Council well-managed?

- 7 Managing such a large organisation with its diverse range of services is very complex. In September of last year the Auditor General produced a report that gives quite some detail on how the Council is organised and managed. Our findings are set out in [Appendix 3](#). If you want to read the whole Corporate Assessment Report you can find it on the Council's website at [www.newport.gov.uk](http://www.newport.gov.uk) or on the Wales Audit Office website at [www.wao.gov.uk](http://www.wao.gov.uk).
- 8 The overall conclusion of that report was that the new leadership is showing signs of strength, establishing what it needs to do to change, and addressing longstanding financial management issues, but the Council needs to put in place longer term financial plans and further develop its plans for change if it is to continue to improve.
- 9 The Council is adjusting to significant political and managerial changes. It is taking action now to make better use of its resources, and to plan changes that should make it easier for people to use its services in the future. It still needs to link its long-term plans more closely with its resources and be clearer about how it will use its staff, assets and technology to deliver better services more efficiently.
- 10 When we looked at what it was planning to do, individual services had not yet linked what they would be doing with what the Council as a whole intends. This is important because the Council wants to make a number of improvements, and it needs to be sure that its services are geared up to achieve them. Services are working on their plans now and we will be looking at how well things are progressing in the coming months.
- 11 Due to the financial climate, almost all public services face reductions in funding. Revenue funding is the money that councils spend running and managing their services. Newport City Council will see a reduction of around £3.4 million (1.7 per cent) in the revenue funding it gets from the Assembly Government for 2011-12. Once inflation is factored in, that means a real terms cut of around £7 million (3.6 per cent). Indicative Assembly Government figures show further real terms reductions in the Council's revenue funding for 2012-13 and 2013-14.
- 12 The Council set a revenue budget of £233,448,000 in 2009-10. In 2010-11 the budget was £237,560,000. The auditor appointed by the Auditor General recently confirmed that the Council's financial statements were generally satisfactory and that money had been spent in a proper way.
- 13 The Council continues to develop and refine its approach to medium-term financial planning and how to make best use of the money it has. Over the summer and early autumn, the Council has undertaken further work to assess its likely revenue resource requirements in the future. The budget requirement is predicted to grow to £243,382,000 next year and fall slightly to £236,028,000 the year after.
- 14 At the same time, the Council predicted in the summer that its income streams would decrease in the future. It predicts a shortfall of £11.8 million in 2011-12 and £9 million by 2013-14. This is analysed in [Exhibit 1](#) on a worst-case scenario basis.



**Exhibit 1: Predicted budget spend and income 2010-11 – 2013-14**

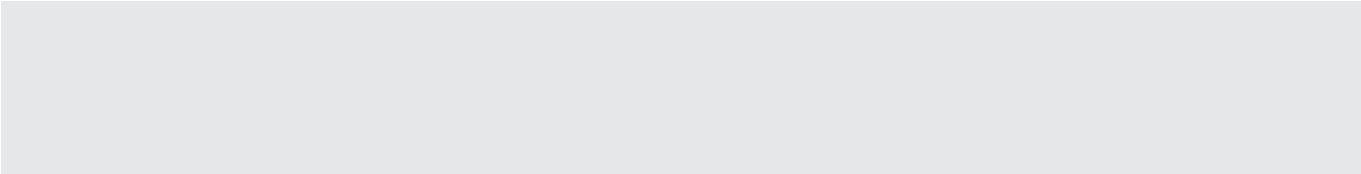
The gap between what the Council predicts it needs to spend and the level of resources it will have available will grow in the future unless action is taken to reduce expenditure.



Source: Newport City Council, Medium Term Financial Plan presentation to Cabinet 2011-2015, July 2010

15 The Council's budget has been well-managed in recent years with balanced budgets achieved at both directorate and corporate level. This places the Council on a sound footing going forward into a period of significant change and financial cuts as it has a track record of making sure its services are delivered with the resources it has available. However, the Council has some real challenges to address if it is to secure the level of savings it envisages.

16 The outcome of the UK Government's Comprehensive Spending Review is known as are decisions of the Assembly Government in terms of local Welsh priorities for funding. These outcomes show an improved position for the Council than had been predicted in the summer. Nonetheless, the Council still has a predicted budget deficit and has begun working on a range of options to secure savings.

- 
- 17 Largely the proposals relate to:
- introducing new ways of delivering existing services to make savings and improvements – ie, further efficiencies; and
  - transforming the business – reviewing the continued provision of non-statutory services and the service level provided for statutory services including how services are delivered.
- 18 The Council anticipates that its proposals, which are in the process of being fully developed, will result in sufficient cost savings to achieve a balanced revenue budget each year.
- 19 The Council has also identified a need for significant funding to improve infrastructure, develop new services and upgrade existing facilities. Capital funding is the money that councils spend on infrastructure, for example new buildings and new equipment. The capital funding available to the Council is set to reduce considerably. Because councils make bids for capital funding, it is not possible to be entirely clear about how much each council will get. The total sum of capital available to councils will fall by 14 per cent in 2011-12 (a real terms cut of 18.5 per cent). There are no official figures for local government capital spending beyond 2011-12 but it is likely to be in line with a general reduction in the Assembly Government's capital spending, which will be cut by around 34 per cent (around 40 per cent in real terms) between 2010-11 and 2013-14.



# Does Newport City Council know what it needs to do to improve?

## Why should a council set clear objectives?

- 20 The role of local government in Wales is to provide community and democratic leadership, working with national government to help deliver national priorities and programmes. The Council also needs to develop its local priorities having regard to the needs of citizens, the statutory duties and functions placed upon it and in consultation with partners, communities and other agencies.
- 21 Given the wide range of functions carried out by a council, its obligation to national as well as local requirements, and the need to ensure its resources are used effectively, it is important that there is clarity about what a council intends to do and why it is doing it. Such clarity provides a framework for making decisions about the use of resources. By ensuring it is able to identify the outcome of its activity, the Council can provide assurance to individual elected Members, its citizens and others, that it is using its resources in the best possible way.
- 22 The Assembly Government has placed specific requirements on all councils to publish their plans for improving what they do and explaining how they will do it as soon as possible after 1 April each year. They must also publish a list of priorities that they are aiming to improve each year – their improvement objectives.

## What are the Council's improvement objectives?

- 23 The Council began formulating its improvement objectives, and the framework for managing their delivery, at the beginning of 2010. In February 2010, the Cabinet adopted three broad improvement objectives:
  - to make our city a better place to live for all of our citizens;
  - to be good at what we do; and
  - to work hard to provide what our citizens tell us they need.
- 24 During the year the Council further developed its framework for managing all of its activities and the delivery of its priorities. The framework comprises two elements, 'fit for the future' and 'feeling good about Newport'. The 'fit for the future' element of the framework focuses on improving operational arrangements and processes in a context of delivering services that are aligned with customer needs. The 'feeling good about Newport' element of the framework identifies the key outcomes the Council wishes to achieve for the city and its citizens.
- 25 In July 2010, specific priority outcomes were identified that set out key projects, actions and the strategies and plans that supported them. The Council published these priority outcomes in its Improvement Plan 2010-11 in October 2010. The Plan is a key element in the corporate planning framework and progress against key projects and of specific actions is reported on a quarterly basis. Looking ahead, to meet Assembly requirements the Council should use these progress reports as the basis for identifying the improvements it intends to achieve during 2011-12



soon after April 2011. **Exhibit 2** summarises information in the Improvement Plan published by the Council in October 2010. This sets out the priority outcomes adopted by the Council and describes what success will look like if they are delivered.

**Exhibit 2: The Council's priority outcomes**

Feeling good about Newport	What success will look like
Vibrant City Centre	Newport is a distinctive and vibrant city
More Businesses, More Jobs	Newport has a prosperous and thriving economy More people in Newport participate in the local economy
Excellent Education for All	Children and young people succeed in school or work Adults in Newport are successful and realise their potential
A Safe and Healthy City	People in Newport are healthy and thriving People in Newport live in a safe and inclusive community
A Positive Image	Newport is a distinctive and vibrant city
Good Transport Links	Newport has a prosperous and thriving economy

Fit for the future	What success will look like
Customers	Newport citizens are satisfied with Council services Services are joined-up and designed around the needs of the customer
Performance	The Council delivers a balanced budget Council services are efficient and offer value for money
You	Newport City Council employees reach their full potential

Source: Newport City Council Improvement Plan 2010-11

## Has the Council set appropriate improvement objectives?

- 26 The Assembly Government expects councils to determine their own priorities for improvement based on a thorough understanding of the communities they serve. It also expects that improvement objectives will relate to one or more specific aspects, such as improving service availability or quality or improving efficiency. The priority outcomes adopted by the Council cover a broad range, recognising the need to improve internal arrangements as well as to ensure positive outcomes for citizens. In this respect, we consider that they are appropriate as they cover areas expected by the Assembly Government.
- 27 We looked at how well the Council involved local people and those that work with and for it, in deciding what it should make a priority. The Council consults well with local people in many different ways and is starting to work with other organisations to provide a joined-up approach to consultation. We could identify that most issues important to people were covered in the Council's broad improvement objectives. The Assembly Government also expects that councils will explain how communities or stakeholders may propose new improvement objectives during the year. The Council's public documents do not always do this but it is enhancing its consultation arrangements for all key programmes.
- 28 During the summer of 2010, the Council talked to its staff about its plans for the future to ensure that everyone understood the Council's purpose and priorities and had opportunities to contribute ideas for improvement.

## Does the Council have realistic plans to deliver its priority outcomes?

- 29 Although for some priority outcomes, such as 'excellent education for all' there is an identifiable link between service activity and their delivery by the Council has not yet fully aligned actions in its service delivery plans with its priority outcomes. It has also been awaiting its financial settlement so will now need to further review proposed activity in the context of this settlement. In the past, the Council has aligned service activity with funding available; this process is underway at present in conjunction with the development of service plans and their alignment with the priority outcomes.

## Will the Council be able to demonstrate whether it has achieved its priority outcomes?

- 30 In setting improvement objectives, the Council needs to be clear about what it is trying to achieve, and local citizens must know what difference achieving these objectives will make to their lives. To do this, the Council must have ways of measuring and demonstrating outcomes so that everyone understands whether achieving the improvement objectives has made a difference or not.
- 31 The Council is in the process of establishing the way it evaluates the achievement of its priority outcomes. Its Improvement Plan 2010-11 sets out the measures that it will use for each of its priority outcomes and the baseline information available so that progress can be evaluated. Some of these measures relate to actions over which the Council has direct control. Others rely heavily on the coordination of activity between the Council and key partners, such as increasing the annual

'footfall' in the city centre, and will require clarity amongst partners about the contribution that each will make to their achievement. The Council has used a single measure to evaluate achievement for each of its improvement activities. This is appropriate for some improvement activities such as reducing the number of children in care, but for some other intended improvements, such as supporting more older people to live independent lives, success would be better measured by a range of measures. The measures used are, however, relevant to demonstrating achievement of priority outcomes and the Council has a well established framework for reporting and tracking progress via the Cabinet, Performance Board and service reviews.

32 During 2010, the Council decided to change its approach to planning services, and has undertaken work to implement a Results Based Accountability (RBA) methodology to prepare the Corporate Delivery and Improvement Plan. A series of workshops took place during the year to explain the approach and support officers in the development of their service plans. Based on the principles of RBA, the Council developed a new set of service planning guidance that starts with a definition of what success will look like, and develops action plans that will help the service area, and the Council, move towards this.

33 The priority outcomes and 'what success will look like' are not time limited, so it is unclear when they are intended to be achieved. Whilst it may be difficult for the Council to identify specific dates it could make it easier to track progress by introducing key milestones. In July 2010, the Council mapped key 'Fit for the Future' activities up until May 2011 to a timeline, which includes key corporate events and project start dates, but not any interim milestones. Quarterly update reports to Cabinet review the key activities related to

achievement of priority outcomes and what the Council intends to deliver in the next quarter. The Council intends to refine 2011-12 service plans so that they better illustrate the outcomes being delivered so that they can be reviewed under established performance management arrangements.

34 Taken together, these steps should allow the Council to identify what is being achieved in the longer term, and the planned development of its wider performance management arrangements should enable it to identify the contribution of specific service activities in the shorter term.

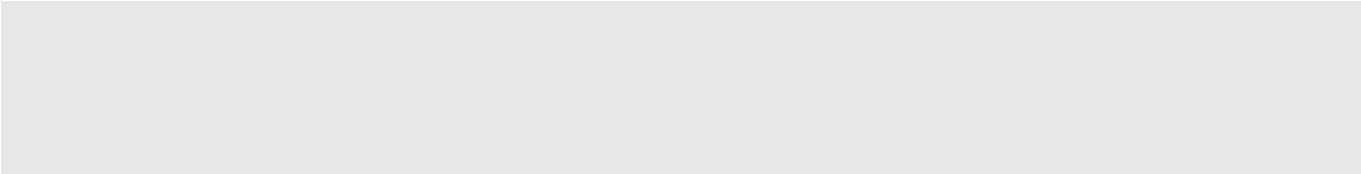
35 Every council needs to have good information and use it well if it is to provide good services and make them even better. Auditors tested a sample selected from 38 national performance indicators. From this test, we found that the Council has put in place adequate systems to produce national performance indicators.

# Is Newport City Council serving people well?

- 36 Through the Auditor General's Improvement Assessment we hope to gradually build a picture of how well the Council is serving local people. In order to do that, each year we will examine the Council's services and some of their objectives for improvement as they relate to three important aspects of life in Newport. We think that together, these aspects cover most of the main services that councils provide for citizens. They are:
- helping to support people in need;
  - helping people develop; and
  - helping to create a safe, prosperous and pleasant place to live.
- 37 In this year's Improvement Assessment, we have looked at how the Council is doing so far on one of their objectives in each these areas. **Exhibit 3** summarises the areas we have looked at.
- 38 We chose these objectives because, together, they cover several key areas of the Council's responsibilities. Overall, if the Council has chosen to make things a priority, then it should be able to measure them in terms of how they affect local people.
- 39 We will look at other improvement objectives the Council is setting itself in our report next year.
- 40 In Wales, there is also a need to serve citizens and deliver services through the medium of Welsh, as appropriate to the needs of the community. In 2009, 18 per cent of the population of Newport could speak Welsh compared with approximately 26 per cent of the total population of Wales and the number of pupils assessed in Welsh as a first language is below the Welsh average.

## Exhibit 3: Activities reviewed

Improvement objective	Intended outcome	Work examined
Excellent Education for All	Children and young people succeed in school or work Adults in Newport are successful and realise their potential	Improving 16 year old children's educational opportunities
A Safe and Healthy City	People in Newport are healthy and thriving People in Newport live in a safe and inclusive community	Supporting independent living for people in need by reducing the time taken to process disabled facilities grants
Good Transport Links	Newport has a prosperous and thriving economy	Stopping the worsening condition of Newport's roads, pavements and street lighting



41 The Welsh Language Board (the Board) works with local authorities to help them develop their statutory Welsh language schemes that outline the way in which they provide services to the public in Welsh. The primary responsibility for the range and standard of services rests with the authorities who provide them, working in accordance with the statutory framework and guidelines of the Board. Every local authority is expected to provide the Board with an Annual Monitoring Report that explains how its scheme has been implemented. This allows the Board to offer advice as to how a Council might improve its local arrangements. The Board also undertakes its own reviews to assess the provision of Welsh language services and to promote improvement.

42 The Council was late in submitting its Annual Monitoring Report on performance that was expected during the summer. The Board has found that the Council's electoral documentation and statutory and recruitment adverts comply with the Welsh Language Scheme. There were issues relating to the Council's website that the Board has asked the Council to address as a priority. The Board and the Council have also agreed to prioritise the following issues over the next few months: the face-to-face centre, impact assessment, internal guidelines and language awareness. The Council has agreed it will provide the Board with an implementation plan to support the future development of these service by 31 January 2011.

## Is Newport City Council supporting people in need?

- 43 Newport has an ageing population, an increased life expectancy and moderate population growth, which is forecast to continue in the future. Most recent figures indicate that Newport has a higher-than-average adult population living with a long-term limiting illness, health problem or disability which limits their daily activities or work. The estimated percentage of people referred for help with alcohol misuse problems in 2008-09 was also higher than the average across Wales. These factors will place increasing pressure on public services to provide the support needed.
- 44 The role of the Care and Social Services Inspectorate in Wales (CSSIW) is to make professional assessments and judgments about social care, early years and social services and so encourage improvement by the service providers. It works on behalf of Welsh Ministers, but there are a number of safeguards in place to ensure its independence. Under new legislation there is a new framework in place for local authority social services inspection, evaluation and review.
- 45 Directors of social services are required to produce an annual self-assessment report on how well services are being delivered. The CSSIW will then undertake a review and analysis of evidence underpinning the report, including evidence from other regulators and inspectors. This analysis will result in an individual inspection and review plan for each council. The CSSIW's analysis, and the inspection and review plan, will be set out annually in a published letter.
- 46 2009-10 is the first full year of the new framework with the purpose being to establish a baseline of current performance. The key messages of the letter issued in December 2010 are summarised below.
- 47 There are systems in place for people to get help from social services, although it has been recognised that more can be done. The Council, as part of improving the effectiveness of its information, signposting to other services and access arrangements, is to introduce a 'Face to Face' contact centre to improve access for current or potential service users. The Council also needs to gather and use information about the impact of the delivery of its services more effectively.
- 48 Considerable effort has been made in children's services to make services more consistent and improve the outcomes for children. While improvements have been achieved, some of the changes are still being implemented. During 2009-10 high caseloads and difficulties in recruiting staff to vacant posts in children's services had an impact on overall performance, although the national inspection on Safeguarding Children and Local Safeguarding Children's Boards reported that satisfactory arrangements were in place. There is a well established range of services across children services, and some innovation and good partnerships with the third sector. The Youth Offending Service works with its partners to reduce the numbers of young people committing offences and to prevent re-offending.
- 49 In March 2010, the Council had responsibility for looking after 295 children. This was above the average of 235 across Wales. Sometimes children looked after by the Council have to move to different accommodation. The number of children in the care of the Council with three or more different placements a year is the highest in Wales; this instability can have an impact on learning. During 2009-10, 40 of the 295 children had three or more placements, 75 had two placements and 180 had a single placement. During 2009-10, the Council did not complete all of the reviews required for looked-after children within required timescales

and by the end of the third review of the year none of the 295 children had a complete assessment and progress record.

- 50 Delays in transferring older people from hospital are much reduced at under four per cent, improving on last year's performance. At the same time, the numbers of people aged 65 years and over supported in residential care have reduced, indicating that care packages provided on discharge utilised community services. Despite some innovative services and approaches, if better outcomes for adult service users are to be achieved, social services recognise the need to deliver improvements and greater consistency in core services, particularly assessment, care management and review arrangements. Social services has given robust evidence of its focus on carers and this work continues to be a priority in order to balance the impact of caring. All known carers have been offered an assessment, and there is a range of services available to them. The national Adult Protection inspection found that while staff worked hard to keep pace with increasing demand, there was inconsistency in the way systems were used across different adult service groups. The Council recognises that adult protection services require significant development in order to routinely provide good outcomes for service users.
- 51 The Council has recognised that supporting the workforce is a key issue and efforts have been made to improve recruitment and retention through improving terms and conditions. Despite this, progress on improving recruitment has been slow. Partnership working has been given high priority and has included service users, their families and the public with recognition of the valuable contribution they make in shaping or re-shaping services. Plans are in place to address any areas of overspending and secure better value for money across social services.

- 52 The 2010 Recruitment and Retention Strategy has resulted in a reduction of vacancies in Adult Services. Capacity within the Protection of Vulnerable Adults Section has now been strengthened by the recruitment of an additional Principal Officer and Senior Practitioner both of whom are now in post. An integrated service manager post (Mental Health Services) was created in 2010 and is currently occupied by a secondee from the Aneurin Bevan Health Board. Work has since been undertaken towards integration of the already co-located teams.

## Is Newport City Council supporting people so that they can live independent lives?

### Why does the Council think this is important?

- 53 When the Council consulted local people during the summer of 2010, one of their concerns was the lack of assistance for independent living for people in need of help and support. The Council is participating in a partnership with neighbouring councils, the Gwent Frailty Project, which has just secured national funding and aims to improve community support, extend independence and also reduce hospital admissions and delayed discharges. We will monitor the project as it develops to identify good practice and assess whether it is achieving improved outcomes for users and carers.
- 54 There are a number of ways in which the Council and other organisations can support independent living. In this part of the report, we examine arrangements for the delivery of disabled facilities grants but there are other activities being undertaken designed to support independent living. These are:



- Reducing delays in discharging people from hospital to their home. Figures show fewer people aged 75 or over have experienced delays in the past two years as a result of better joint working and an increase in the provision of extra care.
  - Providing disabled facilities grants so that a home has facilities more suited to the needs of a disabled person.
  - Undertaking minor adaptations to homes so that people can be discharged from hospital more quickly, reducing the demands on other service areas. The Council has reduced the time taken to deliver minor adaptations from 25 days in 2008-09 to 20 days in 2009-10.
- 55 In 2008, the Council identified it needed to reduce the time taken to process and deliver disabled facilities grants because its performance was weak when compared to other parts of Wales. A disabled facilities grant is provided by the Council to help towards the cost of adapting a person's home to enable him or her to continue to live there. A grant is paid when the Council considers that changes are necessary to meet that person's needs, and that the work is reasonable and practical.

### Does the Council have realistic plans to improve opportunities for independent living by speeding up the delivery of disabled facilities grants?

- 56 The Council does not have a clear strategy in place to improve the performance of disabled facilities grants in the future and the target set for delivery of 580 days for 2010-11 actually represents a continuing reduction in performance with people having to wait longer for grants to adapt their home to meet their needs.
- 57 The Council's own assessment is that it takes a long time to assess disabled facilities grants because of poor coordination of activities between its staff in Social Services and its Housing team. There had been poor information sharing between the teams about the predicted volumes of work. Delays processing assessments within Social Services are linked to the Council's long-term problem of recruiting and retaining social workers and occupational therapists. Continued vacancies for staff with professional skills has caused a large backlog of work and the Council now has insufficient funds to deliver all of the outstanding adaption work within the financial year, and the time taken to deliver grants is taking longer.
- 58 In May 2010, to improve performance and better coordinate activities, the Council developed an independent living section and an Occupational Therapist was seconded to work in the team with the grants staff to focus on what people need to live the life they want. This was partially successful but in times of staff shortages within Social Services, the Occupational Therapist was not available to assess adaptation requirements.

**Will the Council be able to demonstrate whether it has improved arrangements for delivering disabled facilities grants?**

- 59 One of the ways of measuring a council's performance in providing these grants, is how long it takes to deliver a grant. Compared to other parts of Wales, people living in Newport have to wait a long time before a disabled facilities grant is delivered. In 2008-09, the Council took an average of 364 days and set itself a target for improvement of 320 days. However, the Council actually took an average of 464 days in 2009-10 which is significantly worse than the previous year and 17 of the 22 councils in Wales reported better performance. The average across Wales in 2010-11 was 349 days with 189 days reported by the best performer.
- 60 One of the outcomes the Council has included under the improvement objective 'A safe and healthy city' is 'to help and support more people to live independent lives'. Setting a target that reduces performance is not consistent with an approach intended to help people live independently. The Council has not included a measure of the time it takes to deliver disabled facilities grants as a measure to evaluate its success at 'helping and supporting older people live independent lives' a Council activity which links with helping more people to remain in their own home. We shall be reviewing the Council's approach to supporting independent living in more detail and reporting our findings in our report next year.

# Is Newport City Council helping people to develop?

- 61 Estyn is Her Majesty's Inspectorate for Education and Training in Wales responsible for inspecting the quality and standards in education and training. Estyn undertakes individual inspections of schools and other learning providers. Estyn has a link inspector for each local authority, who is part of a regional team, where performance information is analysed and judgements made on how well councils support the education providers within their area to help individual learners achieve.
- 62 When looking at key stage results for pupils aged 7, 11 and 14, schools in Newport have consistently performed above the Welsh average but results for 16 year olds have been below the Welsh average. There are also some pupils who may face more challenges than others, such as young people in the care of the Council and young carers who are looking after others in their family. For this reason this is one of the Education Services priorities for this year and forms an important part of Core aim 2 the next three-year Children and Young People's Planning cycle.
- 63 Statistics for the whole of Wales also show that Newport has a higher-than-average proportion of working age adults with no qualifications, and is below the average for the proportion of working age adults who are graduates. At the same time Newport has one of the lowest percentages in Wales for pupils leaving school without qualifications. The Council's performance information for the 2009-10 academic year indicates further improvement compared to the previous year.

## Is the Council improving 16 year old children's educational opportunities?

### Why does the Council think this is important?

- 64 The Council has recognised that information about the results being achieved by 16 year olds shows that levels of performance were not as good when compared with results for younger age groups. It has also identified gaps in its knowledge about more vulnerable young people, such as those that it looks after, and those young people that care for others. In an area where unemployment is comparatively high, it is clearly important that the Council makes improving the educational opportunities for young people a priority, which should, in the longer term, help improve the proportions of working age adults with qualifications.
- 65 In 2009-10, out of the 35 children leaving the care of the authority, 10 had no qualifications, 25 had at least one qualification and none had attained five GCSEs between grades A\* and C. Statistics for Wales show that an average of 35 per cent of children leave care with no qualification compared to 31 per cent reported for Newport.
- 66 The Council recognises the need to improve the support it provides for both looked-after children and young carers but it has not identified these as specific areas for improvement and monitoring under the improvement objective 'Excellent Education for all'.

### Does the Council have realistic plans to improve educational opportunities for 16 year old children?

- 67 The Council has identified a wide range of factors that can restrict educational opportunities and has taken positive steps to develop a broad range of opportunities designed to address specific requirements. Plans for improvement are founded on maximising the use of existing resources, and, when additional resource are available, focusing them on key activities.
- 68 The Council aims to use available resources more effectively by promoting and facilitating sharing knowledge and experience between schools in the area. It has set up a number of networks to help do this. An 'All our Business Group' of school representatives, senior and middle managers was set up to regularly review and monitor performance and processes established by the Children and Young People Partnership. The Council also promotes professional learning by holding conferences for all Newport schools twice a year, providing a forum for shared learning, challenge and debate on key issues.
- 69 This initiative has led to the identification of some key ways in which educational opportunities could be improved:
- Providing a wider range of qualification options which more closely reflects a pupil's needs, interests and aspirations. A range of options for pupils aged 16 to 18 years old has been introduced.
  - Acknowledging that some students need longer to achieve qualifications and to adjust to examination situations, the examination timeframe is now tailored to suit individual needs, helping pupils adjust to the examination experience.
- Improving school attendance and reducing exclusions.
  - Narrowing educational performance gaps between the highest and lowest performing schools.
  - Engaging with other organisations and young people to identify and address potential problems before they occur such as the Preventative Service Group and work with Careers Wales.
  - The project 'New schools for New buildings' is not only about replacing or upgrading some school buildings, but changing the way in which schools are organised and pupils are supported so that it best suits the needs of the individual school. In addition, specific training and support is being provided to all pupils aimed at improving their self esteem and self confidence and having a positive impact on behaviours and attitudes.

### Case study: Prevention through collaboration

Two specific projects bring together young people, the Council and other key organisations to explore problems facing young people, and introduce ways in which those problems can best be overcome. The key to their success has been designing solutions relevant to the young people concerned, as well as coordinating activity and recognising the contribution families and other organisations can make.

The Preventative Service Group involves Gwent Police, Aneurin Bevan Local Health Board, the Youth Service, Social Services, and housing providers, to offer a range of services and support to children, young people, and families across Newport. The aim is to intervene at an early stage where families are experiencing problems to prevent an issue becoming a crisis. The service is a contact point for teachers, families and other agencies and works to identify the most appropriate method of helping families at an early stage, reducing the need for multiple agencies becoming involved at a later date. The service is currently supporting and monitoring 432 families in Newport.

Another partnership with Careers Wales identifies young people at risk of leaving school without prospects of further education, training or employment to ensure that just prior to leaving, pupils are made aware of, and encouraged to take up, training and development activities available to them.

- 70 Under the project 'New schools for New Buildings' the old Bettws Comprehensive School, renamed as Newport High School, is already seeing indications of improvement. In 2010, for the first time ever, it achieved its first Oxford placement and has been oversubscribed with admission requests and feedback from the community is that there has been a significant improvement in behaviour and attendance within the school.
- 71 Performance has been strong at primary school level for many years. The eight comprehensive schools have different social/economic profiles, different cultures, and different levels of achievement, which provide different challenges and require different approaches for the schools. Steps are being taken to try to narrow the educational performance gaps between the highest and lowest performers. Schools are encouraged to identify what can be learnt within the school about what needs to improve by constantly challenging themselves, looking at what works well within the classroom, how the strongest teaching is helping children to better understand and to examine the reasons why some children have difficulties with understanding. Such analysis is then shared with other schools as a means of promoting more general improvement. Indications are that results are improving at Key Stage 4 in the historically lowest performing schools.

**Will the Council be able to show educational opportunities for 16 year old children have improved?**

- 72 The Council already has some measures, such as exam and test results, which will help it understand whether opportunities have improved for 16 year olds, although these are not the only indicators of improved skills.
- 73 The learning of 'looked-after children' and children who are looking after others in their family, 'young carers', can be adversely affected by their situation. The Council has data on these specific vulnerable groups and the improvement of standards for these groups is a priority for the Education Service which can be seen in the Service Plan and in the draft Children and Young People's Plan for 2011-14.
- 74 One of the other ways in which the Council intends to understand whether it is providing 'Excellent Education for all' is to measure the numbers of children leaving school that are not in education, employment or training (NEETs). Trying to reduce the numbers of NEETs is clearly sensible and the effort the Council is making to improve education opportunities is starting to show. The Council has now included specific measures for vulnerable groups of children and will be able to assess whether education for these vulnerable children is improving.

## Is Newport City Council helping to create a safe, prosperous and pleasant place to live?

75 To meet the different needs of areas within Newport, the Council is planning to implement area-based working which it believes will enable it to better plan and respond to the different needs and priorities of areas within the city. We will be tracking the Council's progress with this approach in the future.

### Is the Council helping to create a safe place in which to live?

76 Home Office statistics for 2008-09 show that Newport had the third highest crime rate in Wales, although the crime rate has fallen over the past six years. Serious crime, and drug and alcohol misuse have increased. The estimated number of individuals referred for alcohol treatment for Newport was significantly higher in 2008-09 than the Wales average.

77 The Crime and Disorder Act 1998 placed a statutory duty for local crime and disorder reduction partnerships to be formed. In Newport, this partnership is known as Safer Newport, and is responsible for carrying out an annual assessment of crime and disorder from which it develops and implements an annual plan. Safer Newport is made up of representatives of the Council, Gwent Police, the Local Health Board, the Fire Service, Gwent Probation and the Youth Offending Team. The partnership has identified anti-social behaviour and violent crimes, such as sexual offences and robbery, as priority areas for improvement with a focus on assaults linked to alcohol and the city centre. Hate crime and domestic violence, house and car burglaries are also a priority.

78 Workshops have been held by the partnership to find out the views of local people and crime, violence, anti-social behaviour, and alcohol and substance misuse were key concerns for local people. The partnership has identified that there is a disproportionate amount of crime in certain parts of the city and has set up specific task and finish groups charged with developing local strategies to deal with local incidents. In overall terms, the partnership reports a reduction in crime, but there are differences in the figures held by some partners that have made it difficult to be sure whether anti-social behaviour incidents are increasing or decreasing although current information from Police and Council records suggest a reduction. The partnership has recognised the limitations arising from the way in which information is collated for national indicators and is working to develop local indicators. The need to be able to identify clear performance measures across all agencies has been adopted as a key task for this year.

79 The Council works closely with other organisations, such as voluntary organisations, to understand issues that cause problems in local areas and to build stronger communities. The Council works closely with police and other services to try to find out how safe its communities are, and to make them safer. For example, the multi-agency Preventative Service Group outlined above provides a service for families in greatest need and responds to the whole family's needs. The Council and head teachers consider the service to be successful because of a reduced number of crimes and anti-social behaviour issues reported to the police and to the Council. The scheme is currently dependent on grant funding which is to be withdrawn in March 2011. In spite of



this uncertainty regarding external funding, concerted work is underway to mainstream the programme – this includes developing, with Social Services, multi-agency plans and a coordinated approach to overall prevention and continuing to receive positive support from the Schools Forum and secondary and primary Head Teachers.

80 In July 2010, Her Majesty's Chief Inspector of Probation undertook an inspection of the Youth Offending Service. The inspectors examined a representative sample of youth offending cases from the area, and judged how often the Public Protection and the Safeguarding aspects of the work were done to a sufficiently high level of quality.

81 Overall, this was considered to be an average set of findings. Initial assessments and reviews required more attention, while risk management panels needed to be more analytical about Risk of Harm to others and vulnerability issues in relevant cases. Inspectors were encouraged by the positive way in which case managers reflected on their practice and responded to inspection feedback.

**Exhibit 4: Youth Offending Service Inspection**  
 Inspection findings showed average performance

Aspect	Newport	Welsh average
<b>Safeguarding:</b> how often all reasonable action has been done well enough to keep to a minimum the risk of a child or young person coming to harm.	65% of the time	64%
<b>Public Protection:</b> how often work to keep to a minimum each individual's risk of harm to others was done well enough.	59% of the time	60%
<b>Public Protection:</b> how often work to make each individual less likely to reoffend was done well enough.	67% of the time	66%

Source: Core Case Inspection of youth offending work in Newport HM Inspectorate of Probation © Crown Copyright

## Is the Council helping create a prosperous and pleasant place to live?

82 Councils can help create a prosperous and pleasant place in which to live in a number of different ways. They can act to help improve the physical environment and opportunities for employment through, for example, the use of planning powers or coordination of redevelopment activity, and they can also provide specific services to citizens, for example collection of waste, street cleaning or the provision of leisure facilities. In this section, we give an overview of a range of activities and focus on two particular service areas, waste management and the improvement of roads and pavements.

83 The Council works with a key partner, Newport Unlimited, to regenerate the city, aiming to turn it into a thriving centre for business, leisure and living. Newport Unlimited was established in 2003 as an Urban Regeneration Company, a private company founded by the Assembly Government and the Council. It aims to help counter the impacts of the continued decline in heavy industry and manufacturing in Newport.

84 Newport Unlimited funding is provided by the Assembly Government and the Council. The Council commits £333,000 per annum to Newport Unlimited. An annual business plan is agreed setting out objectives, targets, operating budget and a proposed development programme for the next three years. Its vision is to work with the public and private sectors to deliver major physical change and strengthen the economy of Newport. Regeneration projects are the means by which the landscape will be improved, new jobs created, and investment attracted. Some specific aims have been set; to facilitate £2 billion investment, 11,000

new homes, 15,000 new jobs, one million square feet of new and refurbished retail space, and one million square feet of new office space. Some of the outcomes delivered by the partnership are:

- regeneration of existing buildings and brown field to provide new and improved retail outlets by refurbishing the Kingsway Centre and car park in the city centre, the new Asda supermarket in Pill, and a new Sainsbury's on the former gas works in Crindau;
- river defence work completed for the East Bank of the River Usk protects 4,000 homes;
- more accessible green areas through the development of the Left and East Bank Riverside Walk, and the creation of the new Riverside Park and associated walkways and cycle ways, and boulevarding of Usk Way, Kingsway and Queensway;
- improved city centre access through the Newport City Footbridge which provides a link across the river, new traffic calming measures and by extending and redeveloping platform 4 at the railway station;
- a new Newport University City Centre campus on the riverfront; and
- 500 new apartments and houses in the River East district development at the Old Town Dock site.

85 Newport is undergoing major changes in many parts of the city. The £35 million, newly developed, university campus situated on the banks of the River Usk adds to the transformation of the city centre. The redevelopment of Old Town Dock is also a key part of the Council's overall plans to regenerate the city, bringing one of the city's largest brown field areas back into use.

- 86 Local people feel that regenerating the city centre, removing or transforming derelict buildings, providing affordable parking, and improving cleanliness by getting rid of litter and mess from the pavements is a priority for the Council. The cleanliness of highways and relevant land is measured by the percentage that meets an acceptable standard when inspected. The cleanliness rate of highways and relevant land in Newport has varied since 2005-06, but in recent years cleanliness rates have fallen. Newport had the second highest rate amongst Welsh local authorities in 2006-07, but the second lowest in 2008-09 following a sharp decrease.
- 87 At present, services most visible to the community such as Highways, Grounds and Countryside, Transportation and Street Cleansing, and most often raised by the public, are delivered by different service areas. The Council is planning to introduce changes by creating area-based multidisciplinary teams. However, service plans are not yet available, and so we will be monitoring the impact of the Council's new approach in future work.
- 88 In June 2009, Newport's Housing and Community Services Overview and Scrutiny Forum concluded a major review into fuel poverty in the city. The Council, with partners, developed and implemented an Affordable Warmth Action Plan. The Councils' improvement plans state that it intends to reduce the number of people living in fuel poverty in the city but we found that it does not yet have baseline information, in terms of numbers known to be experiencing fuel poverty, so it will not be able to identify whether there has been an improvement.

## Is the Council managing waste effectively?

### Why is managing waste effectively important?

- 89 The Assembly Government expects councils to help citizens recycle waste, and collects information about recycling rates as well as about the different types of service provided by different councils. The Assembly Government has set targets for all councils in Wales to improve the amount of waste recycled and reduce the amount that goes to landfill. A failure to meet targets is likely to result in financial penalties for the Council. The Assembly Government expected councils to recycle or compost 40 per cent of waste collected by March 2010 and expects that 70 per cent be achieved by 2025. This means that councils have not only had to introduce new services in recent years but also need to establish ways in which the longer term target can be achieved.

### Does the Council have realistic plans to improve its waste management?

- 90 The Council provides a range of waste services to the 59,513 households in the city. Public satisfaction with services is good, and any complaints are monitored on a regular basis to deal with any problems arising. Public participation in recycling/composting varies considerably across the city from 18 per cent of those living in flats, to 85 per cent from other households. The poor performing areas are being targeted with the aim of improving participation. The total amount of waste sent to landfill has been reducing since 2003 despite the fact that the population has been increasing.

- 91 The Council has been making steady progress towards meeting waste targets and only narrowly missed the 40 per cent recycling/composting target in 2010, achieving the Wales average of 39 per cent.
- 92 Whilst councils can recycle or compost certain waste there is other waste, known as 'residual waste' which is currently not collected to be recycled or composted. Councils need a way of dealing with this waste that reduces the amount that ends up in landfill sites. The Council is in a partnership (Project Gwyrdd) with four other local authorities (Vale of Glamorgan, Cardiff, Monmouthshire, and Caerphilly) to procure a residual waste treatment facility. This facility will process the residual waste currently being sent to landfill. Materials that can be recycled will be removed, and the remaining waste treated in a process that reduces the volume and weight considerably. The remaining material is then sent to landfill.
- 93 Plans to meet the future short-term targets are in place, but long-term performance is in doubt without significant changes to service provision. The Council plans to review its options for meeting future targets once the Assembly Government's Municipal Waste Sector Plan is completed. It is expected that key recommendations within the Assembly Government plan will link funding provision for councils to waste collection methods favoured by the Assembly Government. This will have a significant impact upon the affordability of options the Council may consider. Continuing uncertainty over the amount and format of future waste funding is a concern for the Council as it tries to develop plans to meet its future waste targets.

### Will the Council be able to show waste management has improved?

- 94 Key national indicators focus on rates of recycling and composting; these show that the percentage of municipal waste reused, recycled or composted improved from 10.1 per cent in 2002 to 38.2 per cent by March 2009. Quarterly reports for the current year indicate improvement is being maintained.
- 95 The Council also uses a range of other information about service user satisfaction and local participation to develop the service. It has identified areas of poor waste recycling/ composting participation and taken action to encourage the public to participate more. The gathering and use of information and the selection of effective actions to improve performance is something the Council will need to continue to review as part of its future planning of the waste services.

### Is the Council helping to improve transport links?

#### Why does the Council think improving transport links is important ?

- 96 Newport is the second most popular destination for commuters in Wales. Compared to other councils in Wales, the roads in Newport have been in reasonable condition. However, in recent years statistics are showing that the condition of principal roads has been getting poorer. The majority of principal roads received maintenance treatment in recent years but were at risk of gradual decline and becoming a deteriorating asset.

97 In 2008, the Council recognised that the risk of a continuing reduction in the condition of its roads, pavements and streetlights was linked to insufficient funds for essential routine maintenance. The value of roads, pavements and street lights will reduce if not maintained. This problem is not unique to Newport and is currently a problem across all of Wales. In Newport, the poor condition of roads and pavements was leading to increasingly successful third-party insurance claims against the Council, which the Council was unable to defend.

#### Does the Council have realistic plans to improve transport links?

- 98 In February 2009, the Council decided to use its ability to borrow money (prudential borrowing) to get hold of the funding required to improve the condition of roads and pavements. A three-year project (Project 21) to improve the condition of public highways across the city, resurfacing or improving roads and pavements and replacing street lights was planned, based on borrowing £21 million over 20 years. This was agreed in June 2009 and work has been progressing on an area-by-area basis. Additional funding was also made available by the Assembly Government to improve road access around the Celtic Manor for the Ryder Cup. Interest rates were comparatively low and it was a good time to borrow money to undertake the maintenance of roads, pavements and street lights which had an estimated asset value of £6 billion.
- 99 The Council's own assessment is that it will be able to pay back the money because fixing existing disrepair and stopping deterioration will reduce the potential number of emergency repairs required and the cost of insurance claims it is unable to defend.

#### Will the Council be able to show transport links have improved?

- 100 The Council is measuring the success of this project not only by the annual road condition survey but also by recording, reviewing and monitoring the number of complaints it receives from the public about highway defects, such as potholes and blocked drains and what it identifies from its own programme of inspections. It is also reviewing records of emergency and routine jobs undertaken and the number of claims made against the Council. In addition, the Council has carried out customer satisfaction surveys in the areas where the work has been completed asking what respondents think of the work, and the way in which it was undertaken. An average of 14 per cent of survey cards posted are returned, the majority of which show that respondents are satisfied.
- 101 Whilst Project 21 will undoubtedly improve the condition of roads in the short term, longer term success is linked to whether the Council will be able to ensure that adequate preventative maintenance is carried out in the future to safeguard the investment made.
- 102 Project 21 contributes to the Council's improvement objective 'Good Transport Links' which aims to ensure Newport has a prosperous and thriving economy by having a good overall transport network. To measure the success of this improvement objective, the Council is measuring the number of casualties and traffic accidents, the physical condition of the road network in and around Newport and the traffic volumes in and around Newport. The measures are focused only on road transport and do not consider other transport methods. The measures the Council uses to evaluate whether the city has good transport links will need to be broadened if it is to have a fuller picture.

# What should Newport City Council do?

103 Given the wide range of services provided and the challenges facing Newport City 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 Assembly 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 them to do something about them and we will follow up what happens.

104 In the light of our work, the Auditor General proposes that the Council should consider the following opportunities for improvement:

## Proposals we made in our earlier work

- set clear priorities for action in the context of reduced resource availability;
- set outcome measures that enable the Council to identify the impact of its activity for the community and service users;
- establish corporate arrangements for the funding, refreshment and development of all ICT; and
- ensure service business plans incorporate realistic estimates of financial, staff and other resources required to deliver proposed actions.

## New proposals

- to meet Assembly requirements, the Council should identify which of its current intended improvements from its improvement plan quarterly monitoring reports should be regarded its 'improvement objectives' for the purposes of the Local Government Measure.

# Appendix 1

## About the Auditor General for Wales and this report

### The Auditor General

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 Wales Audit Office helps the Auditor General by examining various aspects of how Welsh public bodies work. It was created in 2005 when the National Audit Office in Wales and the Audit Commission in Wales merged.

The Auditor General is the external auditor of the Assembly Government and its sponsored and related public bodies; the National Assembly for Wales Commission and National Health Service (NHS) 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.

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 law which created the Wales Audit Office also expanded the powers of the Auditor General to follow the 'public pound' wherever it goes.

### This report

The Local Government Measure (Wales) Measure 2009 (the Measure) introduced new responsibilities for the Auditor General, including a responsibility to publish his assessment of each council/authority's arrangements to secure continuous improvement.

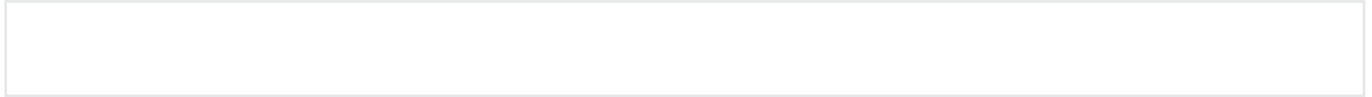
This report has been produced by the Auditor General for Wales to discharge his duties under section 24 of the Measure. The report also discharges duties under section 19, namely; to issue a report certifying that he has carried out an audit under section 17 and an improvement assessment under section 18.

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 authorities, national parks, and fire and rescue authorities.

The main piece of work for the Wales Audit Office, to enable the Auditor General to fulfil his duties, is an annual Improvement Assessment.<sup>1</sup>

<sup>1</sup> This assessment will be conducted for each improvement authority, under section 18 of the Measure. For each authority, it will determine whether the authority is likely to comply with the requirements of Part 1 of the Measure. The Wales Audit Office will also undertake improvement information and planning audit, as required under section 17 of the Measure, in order to ascertain whether the authority has discharged its duties under section 15(1) to (7).





This will be informed by a:

- Corporate Assessment – a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement; and
- Performance Assessment – 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 output(s) from these assessments will be issued by the Auditor General as Audit and Assessment Report(s), under section 19 of the Measure. In publishing this report under section 19, the Auditor General for Wales is certifying that we have undertaken a section 17 audit and a section 18 improvement assessment.

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 will also take account of information shared by relevant regulators (under section 33) in his assessments and this report will summarise any work undertaken by them.

The Auditor General sets out the fee for his performance audit work undertaken to discharge his duties under the Measure at each local authority in a Regulatory Programme agreed each year with the authority. The fee for November 2009 until March 2011 is currently expected to be in line with that set out in the Regulatory Programme.

## Appendix 2

### Useful information about Newport and Newport City Council

The Council spends approximately £318 million per year (2008-09). This equates to about £2,258 per resident. In 2008-09, the Council also spent £51 million on capital items.

The average band D council tax in 2009-10 for Newport is £921.39 per year; this will increase by 3.92 per cent to £957.49 per year for 2010-11. Seventy-six per cent of Newport's housing is in council tax bands A to D.

There are 50 Councillors for Newport who represent the community and make decisions about priorities and use of resources. The Council is made up of Members from the following political groups: 21 Labour; 17 Conservative; nine Liberal Democrats; two Independents and one Plaid Cymru. The administration is currently managed by a coalition of Conservative Liberal Democrat Councillors.

Newport's Managing Director is Tracey Lee.

Corporate Directors are:

- Regeneration & Environment: Sheila Davies
- Care & Customers and Statutory Director of Social Services: Stewart Greenwell; Young People & Performance: Alasdair Bovaird

The Assembly Members for Newport are:

- John Griffiths, Newport East, Labour Party
- Rosemary Butler, Newport West, Labour Party

The Members of Parliament for Newport are:

- Jessica Morden, Newport East, Labour
- Paul Flynn, Newport West, Labour

For more information, see the Council's own website at [www.newport.gov.uk](http://www.newport.gov.uk) or contact the Council at Civic Centre, Newport, NP20 4UR.

# Appendix 3

## The Auditor General's Corporate Assessment

The main conclusions of the Auditor General's Corporate Assessment which was issued to the Council in June 2010 are set out below.

**The new leadership is showing signs of strength, establishing the foundations of transformational change and addressing longstanding financial management issues, but Newport City Council needs to put in place medium-term financial plans and further develop its strategies and change programme to underpin and sustain improvement.**

### How the Council has approached improvement over time

Whilst adjusting to significant political and officer change, the Council has set a balanced budget, retained a focus on key priorities, and started developing and implementing a framework for transformational change:

- new political and officer leadership is establishing itself, sustaining performance and delivering priority projects;
- the Council produced a balanced budget for 2010-11, for the first time, and continues to drive its efficiencies agenda; and
- the new CMT is establishing a framework for change, aligning service activity with a vision of transformational change.

### Analysis of the Council's arrangements to help it improve

There are signs that strong leadership and the emerging framework for change, underpinned by a greater focus on budget management, efficiency and partnership working should support improvement but medium-term financial planning, outcome measures, people, asset and ICT management strategies need further development:

- strong leadership, a vision and developing framework for the future, improved budget management and partnership working are supporting improvement;
- the Council is making good progress in developing medium-term financial plans and evaluating the longer-term sustainability of activity, but current performance measures do not yet clearly demonstrate outcomes;
- steps are being taken to improve corporate asset management but arrangements are not yet aligned with delivery of the change programme; and
- current arrangements for people management and strategic management of ICT are not aligned with delivery of the change programme.

For the full report, see our website at [www.wao.gov.uk](http://www.wao.gov.uk) or contact us at the address on the inside cover of this report.

# Appendix 4

## Newport City Council's Annual Audit Letter

Councillor Matthew Evans  
Leader of the Council and Chair of Cabinet  
Newport County Council  
Civic Centre  
Newport  
South Wales  
NP20 4UR

Dear Councillor

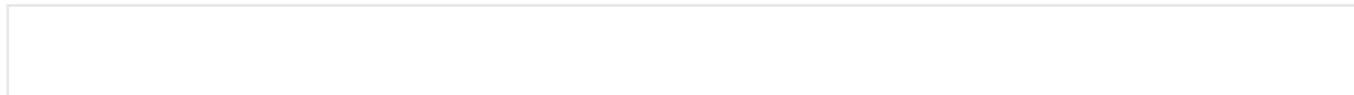
### Annual Audit Letter to the Members of Newport City Council

The Local Government Measure 2009 has provided the Wales Audit Office with an opportunity to rethink how to report the findings from both the financial audit and the performance audit work to local government bodies. As you will be aware the Auditor General for Wales will be issuing an Annual Improvement Report (AIR) to each local authority over the next few months and many 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 the Appointed Auditor's statutory responsibilities (the accounts, the value for money conclusion and the audit of the improvement plan) into this short letter which forms the Annual Audit Letter. The letter is designed to be a standalone document, but will 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.

### Newport City Council complied with financial and performance improvement reporting requirements

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;
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- publish its Improvement Plan by 31 October.



The Code of Audit Practice issued by the Auditor General (the Code) 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;
- consider whether the Improvement Plan is prepared and published in accordance with statutory requirements; and
- issue a certificate confirming that I have completed the audit of the accounts.

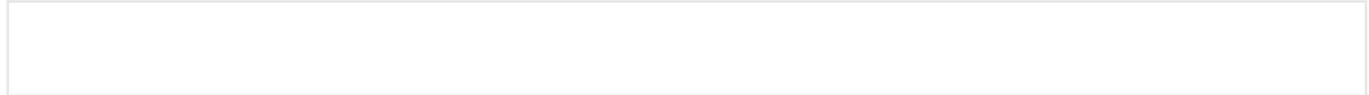
On 30 November 2010 I issued an unqualified audit opinion on the accounting statements, confirming that they present a true and fair view of the Council's financial transactions.

My key findings were that:

- the quality of the draft financial statements require improvement, particularly in relation to the accounting for fixed assets;
- whilst a number of significant errors were corrected as part of the audit process, 10 uncorrected errors remained in the final financial statements, although these were not considered material to the accounting statements; and
- the Whole of Government Account's return was prepared effectively and in accordance with the Assembly's timetable.

We were provided with draft accounts by the 30 June deadline. However, they contained significant error and there is scope to improve the general quality. Whilst these qualitative weaknesses relate mainly to the fixed assets accounting arrangements, other issues such as the lack of a robust quality assurance review of the draft accounts and extensive officer leave during the audit, protracted the audit process.

Following our 2007-08 and 2008-09 audits, significant weaknesses in the Council's fixed assets accounting arrangements were reported. Since then the Council has been reconciling the data between the finance Fixed Assets Register (FAR) system (Logotech) and the related Estates asset database, with progress on the reconciliation exercise being reported by officers to the Overview and Scrutiny Forum (Resources) on a periodic basis. However, this reconciliation was not complete in time for the production of the draft accounts in June, and as a result it was agreed that the output of the exercise, and the proposed accounting adjustments, would be provided to me during the audit for my review.



The results of the reconciliation and the related accounting adjustments were, after some delay, provided to me on 10 September 2010. Following initial audit work it quickly became apparent that the reconciliation was fundamentally unsound. This was confirmed by officers and a revised reconciliation was commenced. This, together with an unresolved accounting issue concerning equal pay claims, meant that the audit could not be completed by the statutory deadline. However, the publication deadline was satisfied by publishing the draft accounts on 30 September 2010.

After a series of delays, the revised fixed asset reconciliation was completed and provided to me for audit purposes on 19 October 2010. The impact of the corrections required as a result of this reconciliation generated a proposed reduction in the value of fixed assets of £97 million, which was later reduced to £80 million following detailed audit testing.

This, together with the correction of other fixed assets errors identified during our audit, resulted in an overall net reduction in the Council's fixed assets of £66.5 million.

The Council is in the process of allocating additional resources to this accounting area and it is important that these weaknesses are addressed prior to the production of the 2010-11 financial statements, particularly in view of the introduction of International Financial Reporting Standards (IFRS). It is also important that these matters are addressed to avoid a repeat of the difficulties and resultant delays that have occurred on this year's audit. I reported the key matters arising from my audit of the statement of accounts to the Overview and Scrutiny Forum (Resources) on 29 November 2010.

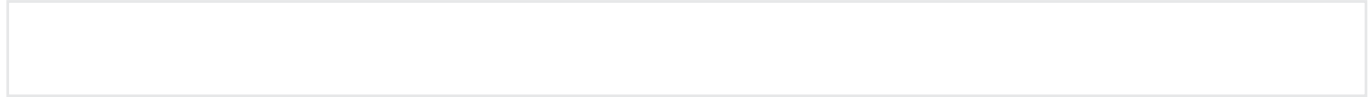
My review of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the LG Measure. The main findings from this work will be set out in the Annual Improvement Report.

The Council's Improvement Planning for 2010-11 meets statutory requirements and includes a report of its performance in 2009-10. Suggestions for further improvements will be set out in the Annual Improvement Report.

I carried out the audit of the statement of accounts of the Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales. Due to the extra work undertaken on the audit of fixed assets, the financial audit fee for 2009-10 will be higher than that set out in the Financial Audit Strategy.

Yours sincerely

Ann-Marie Harkin  
Engagement Partner  
For and on behalf of the Appointed Auditor  
30 November 2010  
cc. Tracey Lee, Managing Director  
Chris Barton, Head of Finance (s151 Officer)



Local electors 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. You then have 20 working days to look through the accounts and supporting documents. 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 the address on the back of this report.



# Appendix 5

## Newport City Council's priority outcomes

Feeling good about Newport	What success will look like
<b>Vibrant City Centre</b>	Newport is a distinctive and vibrant city
<b>More Businesses, More Jobs</b>	Newport has a prosperous and thriving economy More people in Newport participate in the local economy
<b>Excellent Education for All</b>	Children and young people succeed in school or work Adults in Newport are successful and realise their potential
<b>A Safe and Healthy City</b>	People in Newport are healthy and thriving People in Newport live in a safe and inclusive community
<b>A Positive Image</b>	Newport is a distinctive and vibrant city
<b>Good Transport Links</b>	Newport has a prosperous and thriving economy
Fit for the future	What success will look like
<b>Customers</b>	Newport citizens are satisfied with Council services Services are joined-up and designed around the needs of the customer
<b>Performance</b>	The Council delivers a balanced budget Council services are efficient and offer value for money
<b>You</b>	Newport City Council employees reach their full potential

Source: Newport City Council Improvement Plan 2010-11

# Appendix 6

## References

All the data referred to within the report is drawn from one of the following sources:

- Welsh Assembly Government, StatsWales
- Welsh Assembly Government, local area summary statistics
- Improvement Authority's own websites and improvement plans
- The Wales Yearbook
- The Home Office
- Members' Research Service
- Office for National Statistics