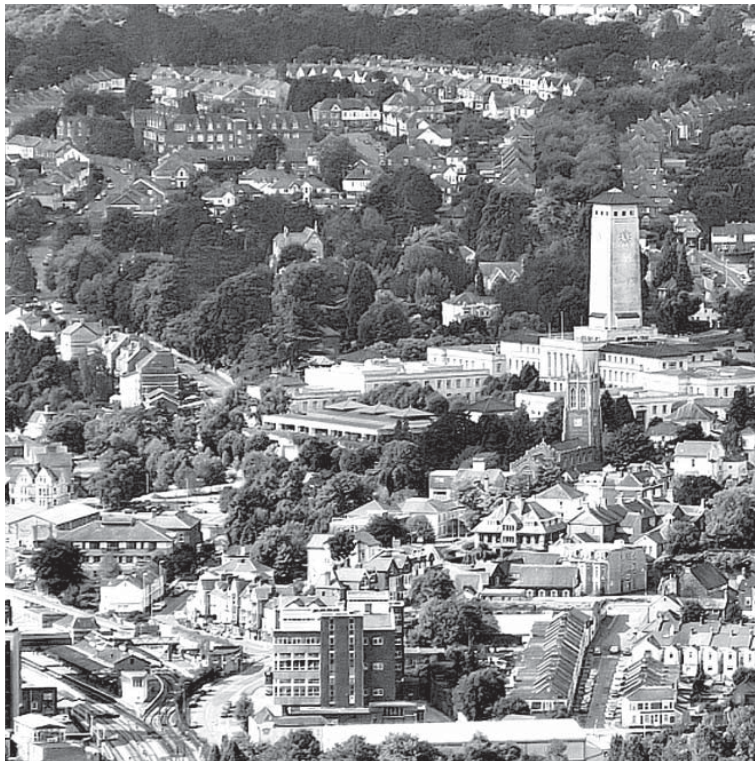




WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU



Corporate Assessment Report

Newport City Council

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This report has been prepared on behalf of the Auditor General for Wales by Non Jenkins, Jackie Joyce, Nick Selwyn, Foula Evans, Janet Villars, Malcolm Latham, Alex Rawlin, Terry Lewis, Verity Winn and Debra Allen under the direction of Alan Morris.

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Introduction

- 1 From 2013-14, the Wales Audit Office is undertaking a rolling programme of corporate assessments of improvement authorities in Wales, based on a four-year cycle. This means that, in addition to an annual programme of improvement studies and audits of authorities' approach to improvement planning and reporting, each authority will receive an in-depth corporate assessment once during a four-year period. In the intervening years, the Wales Audit Office will keep track of developments through progress updates.
- 2 The purpose of this Corporate Assessment Report is to provide a position statement of Newport City Council's (the Council) capacity and capability to deliver continuous improvement. It reports on the Council's track record of performance and outcomes as well as the key arrangements that are necessary to underpin improvements in services and functions. The corporate assessment does not aim to provide a comprehensive assessment of the performance of all of the Council's services.
- 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. It is not sufficient that arrangements are merely in place, as those arrangements must be effective in enabling improvement.
- 4 The Council's track record of improvement is an important consideration, and our work in relation to this focused on the Council's priorities and its performance in meeting its improvement objectives, with a particular emphasis on the impact that the Council's improvement programme is making on outcomes for citizens. As well as our own work we considered the findings from any work undertaken by relevant regulators; principally Estyn, the Care and Social Services Inspectorate Wales (CSSIW), the Welsh Language Commissioner and auditors appointed by the Auditor General.
- 5 The corporate assessment sought to answer the following question:
'Is the Council capable of delivering its priorities and improved outcomes for citizens?'
- 6 The corporate assessment covers the following:
 - **Vision and strategic direction:**
'Does the authority's vision and strategic direction support improvement?'
 - **Governance and accountability:**
'Do the authority's governance and accountability arrangements support robust and effective decision making?'
 - **Use of resources:**
'Is the authority managing its resources effectively to deliver its planned improvements in performance and outcomes?'

- **Collaboration and partnerships:**

‘Are the authority’s collaboration and partnership arrangements working effectively to deliver improved performance and outcomes?’

- **Managing improvement:**

‘Is the authority effectively managing its improvement programme?’

- **Performance and outcomes:**

‘Is the authority making progress on achieving its planned improvements in performance and outcomes?’

7 Throughout this report we make a number of recommendations and proposals for improvement. Where we make a formal recommendation the Council must respond to that recommendation publicly within 30 days. Where we make proposals for improvement to the Council, we would expect it to do something about them and we will follow up what happens.

Summary report

The Council is at a pivotal point as it begins to address longstanding weaknesses in arrangements that underpin improvement and, with wider ownership and strengthened capacity, it has the potential to achieve the scale and pace of change required

8 The May 2012 Local Authority elections resulted in a change of Administration at the Council. The Labour group now holds 37 of the Council's 50 seats. The new Council commissioned external consultants to review its senior management structure as there had been a period of instability within the senior management team since early 2012, with a number of senior managers being appointed on an interim basis. The previous Managing Director resigned in October 2012 and the new Chief Executive took up his post in January 2013. The Council's Strategic Director – People retired in May 2013 and that post has now been filled on a 12-month secondment basis, with the intention of making the appointment permanent, subject to satisfactory performance review.

9 In restructuring the senior management, the Council recognised that it needed to address key priorities such as: economic growth; strategic capacity; alignment and accountability; responsibility and innovation; as well as achieving value for money. It recognised that improved performance should be at the heart of what it does and proposed to strengthen the focus on change management to support services to drive out efficiencies and to explore the potential to move to alternative delivery models. The new Chief Executive has recently established his new Senior Leadership Team supported by a wider Corporate Management Team including all heads of service.

10 The Chief Executive is starting to develop broader ownership of a stronger improvement culture within the Council and amongst its partners, stakeholders and the wider business community. The Council is now becoming more self-aware of the problems and challenges it faces and is prepared to enter into constructive dialogue with partners about how to address its priority issues. We have seen an emerging culture of empowerment and a recognition of the people and skills that the Council needs to effect change and improvement. We also note an increased willingness on the part of the Council to be held to account, and to hold its workforce to account for delivering on commitments.

11 The Council is disappointed that its performance overall has continued to decline in a number of areas and has started to strengthen some arrangements to support improvement. However, it has failed to discharge some of its improvement planning duties under the Measure for 2013-14 as it has not published its Improvement Plan for 2013-14 within a reasonable timescale¹. Whilst it is encouraging to see a more positive culture and clear commitment to change and improvement, we have some concerns that the Council may lack the capacity and capability to deliver the pace and scale of change required. Although clarity of strategic direction and communication is improving, the Council recognises that there remains more to do to address weaknesses in governance, financial planning, people management, information technology and performance and risk management arrangements which have been hindering improvement.

12 As such, we consider that the Council is now at a pivotal point. Senior leadership recognises the scale of the challenge and the increased pace and urgency with which it must act to tackle these weaknesses and to overcome previous inertia. Securing wider ownership, addressing capacity and capability issues, empowering people to make the necessary changes, and embedding a strong culture of improvement will be critical to ensuring success.

13 We came to this conclusion because we found that:

- the Council has a clear vision and the Chief Executive is beginning to create the culture, conditions and strategic direction to deliver it;
- the Council has been slow to address weaknesses in the governance arrangements that underpin its decision making to support improvement but is now putting arrangements in place to strengthen scrutiny and its change programme;
- whilst there are improvements in some areas, the Council recognises that it has not managed its resources well enough to support the delivery of its planned improvements;
- the Council's work with partners is improving but it is unable to demonstrate the impact of its collaborative work;
- the Council recognises that it has not managed performance and risk well enough, and is putting some better arrangements in place to drive improvement; and
- the Council's education service mostly performs at or above expected levels, but the Council is not achieving everything it set out to do in some other key services.

¹ In the absence of exceptional circumstances, we would consider it reasonable to expect a council to make arrangements to formulate, scrutinise, approve and publish its improvement objectives before the end of the first quarter of the financial year to which they relate. The Auditor General's letter to local authority chief executives dated 1 February 2011 provides further information.

- 14 Based on these conclusions, we find that the Council is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year and, with wider ownership and strengthened capacity, it has the potential to achieve the scale and pace of change required.
- 15 As part of our ongoing improvement assessment work, we will consider the action the Council is taking to address the recommendations and proposals for improvement identified in this report.

Detailed report

The Council has a clear vision and the Chief Executive is beginning to create the culture, conditions and strategic direction to deliver it

- 16 The new Administration's manifesto in 2012 gave rise to the Council's clear vision as set out in its Corporate Plan 2012-2017; 'Standing up for Newport will release the potential of our smart and connected city, making it a great place for all to work, live and stay'.
- 17 The Council's Corporate Plan identifies five themes: A Caring City; A Fairer City; A Learning & Working City; A Greener & Healthier City; and A Safer City. The corporate themes provide the structure and framework for the Council's Improvement Plan 2012-2013 'Delivering a Better Newport', and are also reflected in its reporting of performance.
- 18 The Council recognises that the best organisations combine a clear vision of what they are seeking to achieve with robust business management processes to ensure they operate efficiently. The Council also recognises that it has lacked consistent organisational discipline to translate the vision into action.
- 19 As such, to underpin the vision, the Chief Executive has developed a new overall mission statement, 'Improving People's Lives', which is being considered by members during July 2013. The Chief Executive believes it encapsulates what the Council is seeking to achieve in a simple way that explains what it is trying to do in all its functions. The new mission statement will be used internally to build a Council wide culture, and externally as the main message to communities.
- 20 The Council recognises that it has much work to do to ensure a clearer line of sight between its strategic and operational plans and to align its key plans and strategies with those of partner organisations.
- 21 To aid this alignment, the Chief Executive has worked with members and partners to develop a high-level organisational framework which has been agreed by Cabinet and will be considered by full Council in September 2013. The organisational framework depicts the links between the Newport's Single Integrated Plan, the Council's vision and new mission statement, Corporate Plan, Change Programme, Efficiency Programme and Medium-Term Financial Plan 2014-2020.
- 22 The Chief Executive's report to Cabinet (July 2013) acknowledges that recent audit reports have identified that the Council lacks a binding purpose and golden thread which has led to uncoordinated business planning and decision making and been dominated by, rather than guided by, the financial position. The Council acknowledges that it needs to develop a more strategic, coherent and outcome-focused approach to change and improvement, and the aim of the new organisational framework is to instil greater discipline and ensure that the Corporate Plan properly influences service improvement and better outcomes.

- 23 The Chief Executive is also working with members to develop a Prospectus for Change, which will set out Council-wide and service-specific statements and business cases on why and how changes will need to be made by 2017. Crucially, an indicative timetable has been developed which seeks to ensure that the proposed changes feed in to the Medium-Term Financial Plan and are incorporated in to the 2014 15 budget development process.
- 24 There are encouraging signs that the new Chief Executive has started to improve the culture and quicken the pace of change within the Council. This can be evidenced by the strategic approach he has taken to develop the new mission statement, organisational framework and associated programmes and prospectus for change, and the engagement of independent external capacity to work with senior managers on areas to support the change and efficiency programmes. Currently the Council is working to its current plans but is developing new project/programme management and governance arrangements for its efficiency and change programmes. These new arrangements have the potential to ensure that there is a successful transition to new and adopted plans.
- 25 The Chief Executive has established a new Senior Leadership Team which comprises himself and his two strategic directors plus two heads of service that were selected through a competitive process. The purpose of the Senior Leadership Team is 'to provide strategic thinking and coherent leadership'. The Chief Executive has also commissioned external support to undertake a 360° assessment of all heads of service, which demonstrates an understanding that the appropriate managerial capability and capacity is critical to the future delivery of the Council's new mission statement and embedding the organisational framework.
- 26 The Council is seen by a number of partners as having a clear vision and being open to innovation to tackle difficult issues. Partners feel that the Council understands the social and economic environment in which it is operating and links local needs clearly to the national priorities, for example, Communities First and Flying Start.
- 27 The Council established a Fairness Commission², the first in Wales, which was involved in looking at 2012-13 budget proposals. However, the Council missed the opportunity to get input from the Fairness Commission to inform its Improvement Plan 2013-14.

² The Fairness Commission was established by the Council in 2012 as a means of testing and informing the implications of policy and budgetary decisions proposed by the Council.

28 The Council is developing detailed statistics at individual ward level and producing community insight reports to inform the work of the local service board. This will help the Council to fully understand the key geographic, demographic, economic, environmental and social contexts in which it is operating. Customer insight is one of the Council's improvement objectives for 2013-14 and the Chief Executive is clear that services need to be differentiated across the city based on evidenced need.

29 Officers we spoke to stated that since the Chief Executive came into post there has been a clear message that officers will be held accountable for their performance. Some also stated that there was more

structure and a focus on what the Council was trying to achieve, although others are yet to be convinced that the changes being made will make any difference.

30 There is an acknowledgment by officers and members of the scale of the change required, not only to implement the organisational framework but also the cultural changes required. The Council is at a pivotal stage and will need to ensure that it identifies and addresses the key risks associated with its proposals for change and improvement. The key risks include capability and capacity of people, sufficiency of resources, effectiveness of support functions and securing ownership.

Proposal for improvement

P1 The Council should:

- develop and implement an appropriate engagement and communication strategy that both communicates the new mission and organisational framework, and also supports cultural changes within the organisation;
- ensure that it has in place the people and resources capable of implementing the organisational framework and delivering subsequent service changes; and
- engage the Fairness Commission when developing improvement priorities as well as budget proposals.

The Council has been slow to address weaknesses in the governance arrangements that underpin its decision making to support improvement but is now putting arrangements in place to strengthen scrutiny and its change programme

The new Chief Executive has started to introduce a new ethos of accountability

31 Senior officers feel that delegated responsibilities and lines of accountability are becoming clearer and this has meant that they have started to be held to account for, and appraised on, their performance more effectively. Staff are now clearer that weak performance and complacency will be addressed. Having learnt the lessons from the Council's transformation programme, the Chief Executive is also developing stronger governance and project management arrangements for the Council's new efficiency and change programmes.

Members are not always engaged in considering the full range of options and implications in a balanced and timely way to effectively challenge and to make informed decisions

32 Information presented to members is not always timely, comprehensive or balanced enough to support effective decision making and scrutiny. Some reports, options appraisals and business cases do not thoroughly consider the full range of options and their implications and risks in a balanced way. Weaknesses in the Council's processes for agreeing the joint appointment of the Chief Education Officer with Blaenau Gwent County Borough Council, interim appointments/secondments, and the Local Development Plan, have stemmed from the Council not considering the full range

of options available and the implications of those options. Unbalanced and untimely reporting undermines good governance and hinders progress and improvement.

33 Members are not always engaged in a timely way to enable them to inform and challenge policy and decision making effectively. Members depend on officers to bring information and reports to them, and often do not proactively request timely and relevant information. In addition, members do not sufficiently engage in prioritising, coordinating and driving their own work programmes, but depend upon officers to do so. This undermines the role that members play, impairs the quality and full ownership of decisions, overloads the work programmes for scrutiny committees and, as such, weakens the Council's ability to hold people to account. This has led to frustration amongst members and officers and has caused delays in progress and improvement. The frustration was evident in the Council's decision-making process in relation to the joint appointment of the Chief Education Officer with Blaenau Gwent County Borough Council and also in the scrutiny of its Improvement Plan for 2013-14. In both cases, members felt that they had not been engaged effectively or in a timely way to allow them the opportunity to contribute effectively to the decision-making process.

34 The published versions of committee work programmes are disjointed and lack the detail necessary to inform members of issues arising or forthcoming issues. The Council has usefully compiled an internal

composite work programme setting out the schedule of decisions to be taken by Council, Cabinet and Cabinet members, and their paths through the democratic process. However, this is only shared internally amongst officers. Better communication between policy, business improvement, performance, Cabinet and scrutiny support teams, would help to strengthen the Council's governance arrangements. Wider sharing of the composite work programme will also be more transparent and will help officers and members take decisions and scrutinise issues in a more timely and effective way.

- 35 In relation to information governance, the Council has policies, protocols and training in place to deal with information handling and management issues, but compliance with these is inconsistent. This may be as a result of there being no formal information security group, comprising senior officers from across the Council, or robust business continuity arrangements. These are weaknesses that the Council needs to address as a matter of priority. The Council is slowly updating its knowledge about the data (paper and electronic) it holds and the quality of that data, but it cannot be sure that it complies with legislation because some of the systems it continues to use do not enable it to search and collate archived information and records. For example, e-mails are stored and managed in a variety of ways, and it is very difficult to manually locate items of information. Longstanding weaknesses remain in its arrangements to ensure that important information can continue to be available in the event of a disaster.

The ability of members and officers to undertake their roles effectively is undermined by an out-of-date and incomplete constitution, and a lack of clarity and understanding of roles and responsibilities

- 36 The constitution has been reviewed piecemeal over the last year and the Council recognises that it needs to be reviewed, updated, and aligned with the new modular constitution currently being finalised across Wales. This review needs to clarify roles and responsibilities of committees and boards and how they relate to each other so that members and officers fully understand these responsibilities and the roles that they play on these committees/groups. Confusion exists amongst members and officers in relation to the roles of a number of elements of the Council's governance arrangements and how they relate to each other. These elements include the roles of: Council; Cabinet; individual Cabinet members; officers; scrutiny committees, chairs, members and policy review groups; Performance Board; Audit Committee; Fairness Commission; and Appointments Panel. There is also a lack of clarity over the processes for Cabinet referrals to scrutiny, delegations, recording of delegated decisions and recording of questions and actions arising from meetings.

- 37 Members and officers are not clear as to the role of the Performance Board, its status (whether it is private or public) or its relationship with scrutiny's role in monitoring performance. Neither are they clear as to what the new Fairness Commission does and how it links to the Council's decision-making and scrutiny arrangements.
- 38 The role of the Audit Committee is not felt by members, officers and the Chair of Standards to be clear or well understood, including how it should link with decision-making and scrutiny arrangements. There is a perception amongst some people within the Council that the lay person appointed to the Council's Audit Committee has a conflict of interest as he is also a lay member on the audit committee of another council with which Newport City Council works. More positively, urgent decisions are reported to the Audit Committee where officers and members are held to account as to why the item was deemed to be urgent. The introduction of this accountability arrangement to test their appropriateness has meant that the number of urgent items is kept to a minimum.
- 39 Whilst induction and training events for members have been undertaken, attendance has varied. There was general consensus amongst members and officers that a more thorough development and learning programme should be promoted and enforced. This would ensure that members and officers were fully aware of their roles and responsibilities on different committees, the interrelationships between them, and could learn from practice in other councils. Lessons could be learnt from the

approach taken by the experienced and proactive Chair of the Council's Standards Committee. The Standards Committee:

- has ensured that nearly all councillors have attended relevant training sessions (relating to the codes of conduct);
- observes various Council and planning committees to evaluate and feedback on how members are performing in relation to the code of conduct, which has had significant impact on facilitating good conduct amongst members; and
- evaluates its own effectiveness through surveys and audits.

Cabinet members have delegated decision-making powers and responsibilities but it is unclear how they are appraised or held to account for their performance and portfolio responsibilities

- 40 It is felt by some members and officers that the new written questions to the Leader and Cabinet members at full Council meetings does not empower Cabinet members to take responsibility for their roles, decisions and portfolios, or enable them to be held to account effectively, as the answers to the questions are pre-prepared, read out and only one supplementary question is allowed. It is felt that whilst it may have helped to give more comprehensive answers to questions in a more transparent way, it may also be undermining the accountability of the Cabinet member and stifling open debates at Council.

- 41 The role of Cabinet members in relation to scrutiny is not clear, well understood or always adhered to, which clouds accountability and transparency. Cabinet members are not effectively held to account at scrutiny, but many members and officers do not understand what is expected of the role of the Cabinet member. Officers are generally held to account for the responsibilities of Cabinet members, which confuses accountability and blurs the distinction between the political leadership role of Cabinet members and the role of officers in providing professional advice and accounting for operational delivery. Cabinet members have also acted as if they were members of the scrutiny committee, sitting amongst the scrutiny members, and asking questions of the officers present. As such, when Cabinet members attend scrutiny, the roles that they play often compromise their accountability and the independence of scrutiny. In addition, referrals from Cabinet to scrutiny are not always made through clear and transparent processes but rather through informal means through officers.
- 42 Whilst relationships between Cabinet members and senior officers are developing, there are no transparent safeguards in place for occasions where professional advice and political leadership conflict. Some decisions to not take a decision have not been recorded appropriately by officers or reported transparently, such as in the Council's decision-making process for appointing a joint Chief Education Officer with Blaenau Gwent County Borough Council. The proposed model for collaboration changed significantly throughout the process but at no point
- were any of the decisions to change course reported or recorded clearly. None of the options were fully considered and nor were they all reported to Cabinet together as a comprehensive portfolio of options to enable an informed decision based on the implications of each option. This process lacked transparency and did not represent good governance. A decision to not proceed to take a decision still constitutes a decision, and officers and Cabinet members need to record this consistently and transparently so that they are safeguarded and uphold good governance.
- 43 Whilst partners are involved in both decision making and scrutiny, it is unclear how decisions under powers delegated to members who sit on various partnerships are recorded and reported back through the Council's decision-making processes. Scrutiny call in arrangements to ensure transparency of delegated decision making in relation to partnerships are also unclear. The Council has recognised that decision making, governance and scrutiny of partnerships and collaborations need reviewing and strengthening.

Recognising the growing frustration amongst members and officers that scrutiny has not been working effectively or taken seriously enough, the Council is putting arrangements in place to improve scrutiny

- 44 Members and officers have variable understanding and expectations of what scrutiny is and what it can achieve. As such the status, profile and impact of scrutiny within the Council has been undermined and has not always been taken seriously by members or officers.
- 45 Scrutiny members have not had a clear understanding of their roles or a firm grip on their work programmes and have often not been proactive in undertaking their roles. Although they are keen to ensure better challenge at scrutiny, undertake more timely reviews of issues and take a more business-like approach to scrutiny, this has not always been borne out in practice. Members' attendance at scrutiny training events and committees have varied, scrutiny meeting dates are often changed and additional ad hoc meetings arranged, and members sometimes arrive late to scrutiny meetings.
- 46 The frequency of diarised scrutiny meetings, the lack of alignment of portfolios, and the significant workload has hindered scrutiny's ability to undertake its role effectively. Reports, minutes and actions are not always comprehensive or meaningful enough to support effective scrutiny or to ensure that questions and actions are logged and that people are held to account.
- 47 Scrutiny members and officers have lacked senior leadership empowerment to play a more proactive role in improving the Council's scrutiny arrangements and culture. However, the Scrutiny Support team has a good grasp of their responsibilities and of what needs to improve. The team are keen to drive forward improvements to scrutiny so that they can provide better independent support, advice and challenge to the work of scrutiny committees.
- 48 Borne from members and officers' frustration, are good ideas and a widespread enthusiasm for undertaking a fundamental review of the Council's scrutiny arrangements.
- 49 The Council's most recent Scrutiny Annual Report includes a self-evaluation and proposed actions for improvement resulting from the Wales Audit Office national scrutiny study. The scrutiny committees plan to take these actions for improvement forward through a member scrutiny improvement group.

Recommendations

- R1** The Council should ensure that members are provided with robust information at the earliest opportunity to enable them to inform, take and challenge choices and decisions effectively, and ensure that they are recorded and reported transparently. This includes the provision of:
- Options appraisals.
 - The implications of the options, recommendations and decisions.
 - Fully costed business cases prior to initiating major programmes to support change. The financial impact of any significant proposed service changes should be reflected in medium-term financial plans directly where the change is certain to proceed or as a sensitivity if the change is not certain.
- R2** The Council should address with more urgency the weaknesses in its governance arrangements that underpin its decision making to support improvement. This would include:
- strengthening committee work programming arrangements to ensure they are timely, meaningful, informative, transparent, balanced, monitored, and joined up;
 - reviewing and updating the Council's constitution ensuring that roles, responsibilities and accountabilities are clear, and that all members understand and apply their respective roles in relation to each other without compromising independence;
 - empowering members to be more proactive and accountable for their roles and responsibilities;
 - strengthening decision-making arrangements to ensure transparency and appropriate safeguards are in place;
 - strengthening scrutiny arrangements to more effectively inform and challenge policies, options, decisions and actions, and hold Cabinet members, officers, partners and others to account more robustly to drive increased pace of progress and improvement;
 - strengthening and mandating member and officer development and learning programmes based on competency assessments to improve skills and understanding to enable them to undertake their roles more effectively; and
 - addressing information security and business continuity arrangements.

Whilst there are improvements in some areas, the Council recognises that it has not managed its resources well enough to support the delivery of its planned improvements

Weak strategic financial planning remains a barrier to the Council's ability to effectively explore, appraise and deliver its options to improve services

The Council's revenue budget expenditure has fallen in recent years, and is expected to decline significantly from 2013-14 onwards

50 Councils are managing their finances in challenging economic circumstances and against a backdrop of increasing demand for services. Cost pressures have to be managed alongside substantial service demand pressures relating to, for example, looked-after children, supporting people most affected by economic recession and welfare reform, and the effect on services of the ageing population.

51 Using data published by the Welsh Government, which is based on returns from the 22 Welsh councils, we found that between 2010-11 and 2012-13, there has been a net decrease in the Council's revenue budget of £7.3 million from (see [Exhibit 1](#)).

52 In terms of actual revenue expenditure, the Council, like many other councils in Wales, has recorded net increases in spend in each of the financial years in the period 2008 09 to 2011-12 (see [Exhibit 2](#)).

Exhibit 1 – The Council's actual revenue budget set 2010-11 to 2012-13

2010-11	2011-12	2012-13
£235.1 million	£231.3 million	£227.8 million

Source: Welsh Government, revenue budgets set at start of financial year (data has not been subject to audit)

Exhibit 2 – The Council's actual net revenue expenditure 2008-09 to 2011-12

2008-09	2009-10	2010-11	2011-12
£225.7 million	£228.2 million	£230.8 million	£241.8 million

Source: Welsh Government, revenue out-turn (data has not been subject to audit)

The Council's overall level of usable General Council Fund reserves has stayed relatively static

53 Usable reserves are sums of money accumulated by councils to help them manage future costs that are: predictable or planned, such as asset purchases or redundancies ('earmarked' reserves); or unpredictable, such as increased demand for services or reduced levels of income ('general' reserves). Councils can utilise reserves to help them to balance their budgets where savings plans do not achieve expected results or income is less than anticipated. Councils could also increase reserves if income levels are higher than expected, or spending is lower than expected or predicted. Usable General Council Fund reserves can be used to fund future expenditure.

54 Financing recurrent expenditure from reserves is not normally regarded as a prudent long-term strategy. Having a prudent level of reserves is a key element of financial stability. We found that the Council's level of usable reserves has remained relatively static between 2009-10 and 2011-12 (see [Exhibit 3](#)).

The Council spends significantly more on agency staff than the Welsh average

55 As councils strive to manage reducing resources and ensure they have the appropriate level of staff to fulfil operational demands, using temporary or agency³ staff has become a means of ensuring short-term demands can be managed. According to the latest figures from the International Confederation of Private Employment Agencies (CIETT), the UK has the highest number of temporary workers in Europe, with over 1.3 million temporary staff working in the UK, which equates to five per cent of the UK workforce.

Exhibit 3 – The Council's General Council Fund reserves 2009-10 to 2011-12

2009-10	2010-11	2011-12
£4,990,000	£5,010,000	£5,000,000

Source: *Benchmarking Wales*

3 Agency workers are 'employed' by an agency which finds them jobs. The Council who hires the worker pays a fee to the agency and the agency pays the employee their wages.

56 The use of agency staff in councils is now a permanent feature of service delivery and, for many organisations, it has become integral in maintaining services. Agency staff can be quickly deployed to cope with unforeseen demand, sickness and holiday absence and maternity leave and can provide extra support during seasonal 'peak' periods like the financial year end. They can also be more costly and do not offer a sustainable medium or long-term solution in comparison to permanent employees. Indeed, the increasing use of agency staff

can also be caused by growing pressures in services where cuts have been made in the permanent workforce and are used to compensate for the loss of capacity in the permanent workforce and a need to continue to deliver statutory services. In these situations, increasing the use of agency staff can be seen as a service pressure indicator.

57 In the last two years, the amount spent by the Council on agency staff has reduced but is still significantly higher than the Welsh average (see [Exhibit 4](#)).

Exhibit 4 – Cost of agency staff between 2009-10 to 2011-12

Council	Cost of agency staff (2010-11)	Agency staff as a % of the total pay bill (2010-11)	Cost of agency staff (2011-12)	Agency staff as a % of the total pay bill (2011-12)
Newport	£4.8 million	2.88%	£4 million	2.56%
Wales (local government)	£58.1 million	1.7%	£56.8 million	1.59%

Source: *Benchmarking Wales*

Weaknesses in the Council's financial management capacity, arrangements to validate savings, measures value for money, and how it plans its finances going forward continue to undermine its ability to achieve planned improvements and outcomes

- 58 Within the context of growing global financial pressures, the Council has managed its overall budgets in recent years whilst at the same time undertaking a transformation programme that has identified significant financial savings.
- 59 In recent years, the Council has maintained its general fund balance whilst achieving a break even position annually. This has been achieved against the background of the challenging financial pressures.
- 60 However, our review of the Council's transformation programme undertaken in February 2013 raised concerns about how effectively the transformation programme has been used to drive improvement and monitor the effect of any cost savings on service delivery and performance, and the impact on users of those services. To date, the programme has focused on costs and not on cost effectiveness or whether value for money was being achieved. Post-project learning and reviewing the impact that projects have on services needs to be strengthened.
- 61 We also have concerns about the way in which some of the information on savings is reported and monitored in terms of its transparency and consistency, as well as the processes in place for ensuring that the identified savings continue to be delivered. In particular, it was not possible to verify the supporting evidence that claimed £20 million of savings had been achieved by the programme. The Council has not had a consistent approach to calculating and reporting savings over time, and together with gaps in the information available, this has made it difficult to track progress and totals over time. We have also highlighted that the reporting of savings information needs to be strengthened and more transparent. This is especially so if the costs associated with achieving the savings are taken into account as the costs of undertaking the reviews, other associated costs and 'pump priming' from the Council's Invest to Save reserve (£7.6 million in 2011-12 and 2012-13) are significant. The Council told us that it has recently introduced new budget monitoring arrangements that seek to address these issues.
- 62 For 2013-14, the Council has produced a balanced budget as well as securing significant investment to address financial pressures in Social Services and other key services. However, there are considerable risks to the delivery of this balanced budget due to continuing cost pressures and assumptions made about the level of financial savings that will be delivered.

- 63 The Council has made improvements in the processes for financial reporting and the production of the annual accounts and the supporting working papers. Also, the Audit Committee is strengthening its level of support and challenge to the financial processes that have been developed.
- 64 The Council recognises that a number of significant weaknesses remain in its strategic financial planning arrangements. It has begun to address these weaknesses to enable it to properly manage its resources in line with the plans that it is developing. Financial management needs to improve across the board, but more so in some key services such as Social Services, and there are risks to the delivery of the Medium-Term Financial Plan unless the monitoring and challenge of spending plans and proposals to deliver financial savings are more robust.
- 65 The Council has developed a new Medium-Term Financial Plan with a longer planning horizon, which is more detailed than previous plans. The plan also sets out clear targets for the delivery of savings. This is a step forward to support the strategic planning process and also helps to provide a basis to improve the management of future financial challenges. However, the plan does not include a comprehensive consideration of demographics, projections and agreed improvement priorities or the management of risks that are linked to the Council's risk registers. The Council has identified that it needs to find £20 million savings over the next five years and is developing plans to bridge this significant financial deficit. Whilst the Council has allocated additional resources to support the delivery of its efficiency programme, it will need to monitor performance to ensure that the capacity remains sufficient to maintain momentum to deliver to tight timescales, raise its profile, and ensure there is wider engagement throughout the Council.
- 66 The profile of the central finance department within the Council needs to be raised so that it can have greater influence at a corporate level and be more proactive in holding service managers to account for the delivery of savings and budget overspends. There needs to be a greater strategic focus to ensure that future plans are properly developed, challenged and their delivery is effectively monitored and held to account.
- 67 Some Council departments demonstrate better financial management than others but there is no corporate consistency in how finances are managed across the Council. In particular, the status of finance officers in some key areas is not adequate to enable the robust and proper challenge of spending plans, forecasting and accountability arrangements. Additionally, financial management skills within departments also vary and budget accountability is unclear amongst some service managers. This, along with concerns over management capacity in some areas, hinders the Council from effective financial management and considerably increases the risk that any areas which start overspending (or where there are shortfalls against the delivery of savings plans) will not be addressed quickly enough to bring them under control.

68 The relationship between the Council's central finance function and with accountants in service departments is not always clear which can result in some departmental accountants becoming isolated or not given sufficient level of support. This is particularly important to ensure the proper monitoring of budget overspends and ensuring that the savings plans identified in the Medium-Term Financial Plan are delivered on time with minimal impact on service delivery. There is a real danger of a 'disconnect' between what are ambitious savings plans and their effective and timely delivery.

69 Whilst the Council has achieved financial savings, there is significant scope to improve the transparency of how they are being delivered and ensuring that they are delivered to the agreed timetable. In particular, there are risks that the savings plans developed for the current year do not fully deliver the anticipated savings due to schemes starting late, not being adequately developed or due to insufficient ownership at a strategic level to enable them to move

forward quickly. The Council is putting arrangements in place to ensure it has a tighter corporate grip on finances and a wider acceptance amongst members and officers that difficult choices and decisions will need to be taken to achieve the scale of change required.

70 We examined the Council's procurement arrangements and considered whether they have been sufficiently developed to support the improvement agenda and were meeting the needs of the Council. In overall terms, this is an area that has developed considerably by increasingly using automation and using all-Wales contracts and joint procurement contracts. There has also been a programme of reviewing contracts and re-tendering with a focus on securing value for money. However, we did identify some concerns over the responsiveness of the ordering process, the fact that some low-value orders still had to go through a detailed process as well as a perception that there were still some old contracts that needed to be reviewed.

Recommendation

- R3** The Council needs to quickly address weaknesses in its strategic financial planning and management to ensure that it is able to deliver its planned improvements. In doing so, the Council needs to:
- strengthen medium-term financial planning with fuller consideration of demographics, projections and priorities as well as the management of risks that are linked to the risk register(s);
 - the delivery of financial savings needs to be monitored and reported more effectively at a corporate level as well as the investments being made to improve/maintain services;
 - strengthen the status of financial management at a strategic level and ensure that responsibility is aligned to corporate objectives and accountabilities; and
 - ensure there is sufficient challenge to ensure that savings/investment plans are delivered and any budget overspends are highlighted and addressed by early intervention.

Underdeveloped and inconsistent arrangements, and a lack of capacity and capability in key areas to manage and utilise its workforce are hindering the Council from effectively planning and delivering improvement

- 71 The number of Full-Time Equivalent (FTE) staff in the Council has fallen by over six per cent between 2009-10 and 2011- 2012 (see Exhibit 5).
- 72 Since early 2012, the Council experienced a period of instability within the senior management team with a number of senior managers being appointed on an interim or acting up basis. The previous Managing Director resigned in October 2012, with the new Chief Executive taking up his post in January 2013, and the Council’s Strategic Director – People retired in May 2013.
- 73 A lack of capacity and capability in key service areas continues to put the Council at risk of being unable to make the necessary changes to deliver improvement. Workforce planning is not effective in the organisation and is only just beginning to be associated with the developing Medium-Term Financial

Plan and the changes needed to deliver future services. Workforce planning and succession planning are reactive, which has led to most departments having significant capacity problems in terms of vacancies, and interim or acting up solutions.

- 74 There are vacancies at head of service level in both People and Place departments, to which the Council is often finding it difficult to recruit. The Council often relies on interim solutions or the goodwill of staff to cover its capacity problems. The Chief Education Officer is shared between the Council and Blaenau Gwent County Borough Council, with a number of other senior management posts vacant or being vacated soon. The Strategic Director – People post has now been filled by an internal candidate on a temporary 12-month secondment basis and, subject to a satisfactory performance review, the Council intends to make the appointment permanent. As a direct result of not being able to recruit internally to the Head of Children’s Services’ post, the Council has now secured additional capacity through an arrangement with Barnardos. The Council has filled the vacancy to the Head of Regeneration with an interim solution pending a review of its regeneration strategy and Newport Unlimited.

Exhibit 5 – Full-time equivalent staff employed by the Council 2009-10 to 2011-12

2009-10 (FTEs)	2010-11 (FTEs)	2011-12 (FTEs)
5,437	5,356	5,094

Source: Benchmarking Wales

- 75 The Council has an Appointments Panel but its terms of reference, role and how it records and reports decisions, needs to be clarified and strengthened. The Council has had to place greater reliance on external and interim appointments to secure some of the skills that are currently lacking. While the Appointments Panel has been confident in the robustness of its decisions, some managers felt the reasons were not always clear.
- 76 Many services have significant basic skills deficits, for example in areas such as people management, performance management, and financial planning. In Social Services, poor financial modelling has meant some workforce decisions and their implications have been poorly understood. More work is required to develop the basic skills of staff, which are necessary to support sustainable, cost effective and improving services.
- 77 Some basic aspects of people management are not consistently applied, such as authorising leave and completing timely back to work interviews. Currently, on average, only 84 per cent of back to work interviews are completed, which is well below the Council's expected practice. There are variations within the year in completing the return to work interviews, with some levels falling as low as 68 per cent. Whilst seasonal holiday pressures were blamed for this performance, it suggests that arrangements are not robust and are poorly embedded. The Council needs to set objectives for managers to ensure that return to work interviews are undertaken and absence management is robust.
- 78 More positively, early analysis shows that sickness absence management is improving with the overall absence reducing from 10.4 days⁴ in 2011-12 to 8.19 days in 2012-13. There are still pockets of high sickness levels with some services running with levels over 10 days. Whilst it is encouraging that the overall sickness absence rate is improving, with better management of long-term sickness and comparatively low short-term sickness levels, more work is still needed in the services which are not substantially improving.
- 79 There has been no structured development programme for managers. Recognising some of the capacity issues, the Council has an 'Aspiring Leaders' management programme, although places are limited.
- 80 Currently, the Chief Executive is evaluating the managerial capacity and capability of heads of service through the recent introduction of a new 360° appraisal process. The 360° feedback appraisal is being undertaken by external consultants and is intended to evaluate and assess the managerial capacity and capability of the heads of service. This new approach is providing valuable feedback on individuals' strengths and weaknesses and development tools are being put in place for some individuals. In addition, there is a group development tool for heads of service and directors that supports team building.

4 Source: Benchmarking Wales

81 Whilst the Council has a performance appraisal process in place for its staff, only 73 per cent of appraisals were recorded as being undertaken during 2012-13. There is little analysis of the effectiveness of performance appraisals and our work suggests that they are not taken seriously or given sufficient priority by staff and managers. Although there is some training in place for managers on managing staff performance, more work needs to be done in this area to improve manager capacity and capability if all staff are to receive a timely and meaningful appraisal. More broadly, whilst there is a staff training framework in place, there is no mechanism linking this to personal development plans. This disconnect, and the absence of robust arrangements for the evaluation of learning, is contributing to the poor management and development of the Council's workforce. The Council needs to quickly establish a much clearer and better communicated recruitment and retention strategy linked to workforce development, talent management, personal development and training.

82 There are some fundamental shortcomings in how the Council is approaching the development and delivery of its People and Transformation Service Improvement Plan 2013-14. While the service improvement plan identifies the key Human Resources issues to be addressed and a competency framework is in place, it is not supported by a well-developed skills audit. The Council recognises that it must take a more proactive stance on workforce issues but it is unclear how this will be done and by when. Without taking an integrated approach to managing its people, the Council will not be able to develop its workforce effectively to meet future organisational objectives. Although the Council recognises there are shortcomings in its Organisational Development function, this has been a longstanding issue and the Council is currently considering options for the delivery of this function. If the Council is to achieve its objective within its 'Improving People's Lives' 2013-2017 Strategy, more urgency needs to be injected to implement the plans it has in place to develop the organisation more effectively and sustainably.

83 The Council recently changed its approach to managing equal pay claims bringing it in line with the approach adopted by most other councils. There is now a clear process in place with the Council planning to complete outstanding claims by September 2013. The Council has started work on its 'Total Reward' project⁵, and a new pay and grading system is underway. As part of this, the job evaluation scheme is being reviewed and new pay and grades are planned to be in place by November 2014.

Recommendation

- R4** The Council should address weaknesses in its people management arrangements with more urgency to tackle long-term deficiencies to ensure it has the capacity and capabilities necessary to change and improve. In doing so, it should:
- ensure that the 360° appraisal process is fully integrated into its arrangements to manage staff performance and development;
 - establish an integrated workforce and succession plan to support and develop the Council's current and future workforce to meet the organisational need;
 - address its longstanding organisational development deficiencies;
 - address manager capacity and capability to manage, both in terms of basic core management skills and in managing the performance of their staff;
 - establish much clearer and better communicated recruitment and retention strategy linked to workforce development, talent management, personal development and training; and
 - continue to improve the management of sickness levels, focusing on the areas where there is least improvement.

5 In October 2011, the Council set up a Total Reward project team to review its position on equal pay, pay and grading and flexible benefits with the aim of developing and implementing a modernised approach for rewarding and recognising its staff. The key work strands include expanding flexible benefit options, conducting a comprehensive pay and grading review and embedding the new reward culture. Part of the project remit included working jointly with the trade unions to design and roll out the Council's new Job Evaluation Scheme.

The Council is making progress in improving the way it manages its land and buildings but better use of data and more rigorous scrutiny would help it to improve further

84 Strategic property asset management is the process which aligns business and property asset strategies, ensuring the optimisation of an organisation's property assets in a way which best supports its key business goals and objectives. The principal role of effective strategic asset management is to ensure that the right accommodation is provided in line with business needs. This includes aligning property asset plans with corporate priorities and medium-term financial plans. Managing public assets effectively will provide value for money, enhance public services and deliver wider economic, environmental and social outcomes for local communities. Conversely, poor asset management represents poor value for money and is a barrier to transforming public services and achieving efficiencies.

85 In recent years the Council has struggled with its asset management planning. Our report of July 2012 highlighted major weaknesses in existing services and made proposals for improvement in relation to:

- the need for corporate-led asset management planning;
- the adoption of a coherent strategy for asset management;

- improving business planning and performance management for Property Services;
- improving information management and the use of data; and
- improving value for money in delivery of services.

86 Since July 2012, the Council has made progress in addressing these weaknesses and is developing the management of land and buildings to support improved services to citizens. In February 2013, the Council adopted a new Corporate Asset Management Strategy and action plan. The Asset Management Strategy was developed following engagement and challenge by the relevant scrutiny committee and early drafts were considered by Cabinet before it was formally signed off. The Asset Management Strategy is focused on seven priorities for improving asset management and is underpinned by a detailed action plan.

87 The Council has also reintroduced its Strategic Asset Management Group and work is progressing on reviewing all assets to determine their future needs and usage. Membership of the group is exclusively at head of service level, with a focus on agreeing future asset uses from a corporate rather than service perspective. The Asset Management Group is completing a ward-by-ward review of Council land and buildings. When completed, this will provide the Council with a better understanding of its likely future land and buildings' needs.

- 88 The Council has a £1 million capital planned maintenance programme for 2013-14. It also has a £0.9 million budget for responsive repairs, which has been centralised and is now managed as a corporate programme of work, which is enabling the Council to maximise the impact of its expenditure. From 2014-15 onwards, the Council is planning to invest £1.5 million in property maintenance and improvement per year. Prioritisation of investment is based on existing data, primarily statutory inspections and survey information. Decisions on the properties to be improved are directed by the Strategic Asset Management Group. The level of current expenditure in repairing and improving buildings remains well below what is required and, due to weaknesses in data, the Council still does not have a long-term capital strategy for all its assets.
- 89 For 2013-14, the main asset management priority for the Council is to establish a robust baseline to support options appraisal and decision making on how best to use land and buildings. An asset baseline would also enable a rounded judgement of whether performance in asset management is actually improving. This remains an area under development with much work to still be done.
- 90 Positively, the Council is introducing better systems to gather data and is beginning to use its land and buildings data to make more informed decisions on how best to use its estate to deliver its strategic priorities. The Council has developed a five-year rolling programme of property condition surveys and completed 78 per cent of its year one survey programme during 2012-13. In addition, in November 2012, the Council reported on its assessment of asbestos in buildings, identifying 20 properties with asbestos that would cost £900,000 to tackle. Of this figure, £365,000 is assumed to be high risk with a likely chance of disturbance, although these figures exclude a further 11 high-risk surveys which had not been completed at the time of reporting in November 2012. At this time, the Council does not have resources available to fully address asbestos in its properties and this is a risk that needs to be carefully managed to ensure that the Council fully complies with the requirements of the Control of Asbestos Regulation 2012.
- 91 However, the Council still has much work to do, both in improving the quality of data and how this information is managed. For example, the K2 Facilities and Asset Management ICT system, that draws together in one place all property-related information and removes the need for data duplication, is not fully operational. The Council is still at the stage of improving the quality and coverage of its data and does not have the information available to support effective decision making. The Council acknowledges that it needs to ensure this is addressed if it is going to improve value for money in its management of land and buildings.

92 The Council is also developing a better range of performance measures which will enable it to evaluate the effectiveness of its Property Services team. This includes appropriate measures relating to: expenditure by month against specific trades (for example, mechanical and electrical); spend by job priority; and variations on contract costs. This has also been extended to a disaggregation exercise to quantify the revenue costs of Property Services and the Council now has a better understanding of the actual cost of each of its individual service teams. We found that this has been extended and used to challenge some expenditure to identify efficiencies. For example, the re-tendering of cleaning goods and supplies via Value Wales⁶ which reduced costs from £130,000 to £50,000. The Council is also now working with the Norfolk Group to consider options for outsourcing its blue collar Property Services function to reduce cost.

93 Whilst we can see positive progress, at this time the Council is still not using performance data to effectively support service improvement. For example, key performance data is not included in the service improvement plan and current measures to judge success and improvement are inadequate. This means the performance of Property Services and its use of resources is still not being effectively scrutinised. Similarly, we found that the Council has not extended its analysis of performance to benchmark or compare itself with others and is still does not know how well its services operate comparatively. This means that there is limited challenge and evaluation to understand performance currently taking place which does not support members and senior managers to hold the service to account.

Proposal for improvement

P2 Fully implement the proposals for improvement set out in our previous reports on asset management.

⁶ The public sector procurement portal for Welsh suppliers and buyers.

Progress in improving information technology arrangements is slow and weaknesses remain that are hindering the Council from achieving greater business benefits and more efficient service delivery

The Council has some plans in place for using technology but the plans are not supported by a robust delivery and funding programme or effective evaluation arrangements to ensure technology is sustainable

- 94 The Council developed and approved an ICT Strategy in December 2011 that supports and underpins the Council's strategic principles which are service transformation, new technologies, new ways of working, and collaboration.
- 95 The ICT Strategy aligns with regional plans and the national ICT Strategy for Wales, but the Council has not regularly reviewed, updated and aligned this with a delivery programme. The links between the ICT strategy and the project and service delivery plans are not clear and, as such, the timescales for delivering improvement and achieving business benefits are not transparent.

- 96 The Council is developing processes for identifying and agreeing its technology priorities and linking these with financial plans and workforce plans. The Council has centralised its ICT staff which has led to more effective use of ICT skills and resources. The Council's plans to ensure that the ICT infrastructure is improving, sustainable and able to meet current and future services demands are undermined by uncertainty over the availability of capital funding.
- 97 Whilst the Council explores opportunities for collaborating on ICT services through national and regional arrangements, progress and success varies.

Whilst the Council's use of technology to support the delivery of efficiencies and change is improving it is not being fully exploited and the pace of change in some areas has been slow

- 98 The Council's Customer and Information Service has improved how it engages with stakeholders when planning technology improvements. The service has good arrangements in place to manage projects, technology risks and assets.
- 99 The Council's leadership supports the development and exploitation of technology. The Council is starting to strengthen business processes by using technology to fundamentally rethink how services are delivered in order to improve customer service, and cut operational costs.

100 If the Council is to exploit technology to deliver improvements it needs to ensure that technology is widely available and used but can only be accessed by those authorised to do so. The Council has centralised, standardised and simplified its technology infrastructure to improve security, and it is accredited to the required security standard. Availability of ICT systems to its staff is good. It is using technology to reduce printing costs and improve quality through printer rationalisation and is actively promoting the use of technology to provide a choice for citizens in how they engage and interact with the organisation. However, a number of members do not make effective use of the Council's ICT systems and continue to rely on paper copies which can lead to inefficiencies and slower distribution of information.

101 The pace of change in some areas is slow. Electronic document management is fundamental in underpinning many business improvements, such as mobile and remote working, and efficient customer services. Whilst the Council recognises this and

has implemented an electronic document management system, it is making slow progress in changing the way services work to exploit the potential and achieve the benefits of the technology.

102 A key priority for the Council for a number of years has been to use technology to provide flexibility in how employees are empowered and enabled to work at home, on site or in customers' homes, but the technology is not being fully exploited.

The Council does not effectively monitor and review the impact and benefits arising from its technology

103 The Council collects, reviews, evaluates and reports on some areas of technology performance. But it does not have measures in place that demonstrate how it is achieving better outcomes nor clear links to milestones and timescales for improvement. The Council is not consistently reviewing, monitoring and reporting on the impact of its use of technology as an enabler for change and efficiency.

Recommendation

R5 The Council needs to increase the pace of change to better exploit and use its information technology and quickly address remaining weaknesses in its arrangements to better support improvement. In doing so, the Council needs to:

- develop and align plans to deliver improvement by using technology that are linked to outcomes and include clear targets and milestones to support the monitoring of progress;
- review, evaluate and report on the effectiveness and return on investment of technology projects; and
- implement robust arrangements to effectively scrutinise and challenge technology projects and service provision at local, regional and national level.

The Council's work with partners is improving but it is unable to demonstrate the impact of its collaborative work

Relationships between the Council and most individual partner organisations are good, but inconsistencies in formal arrangements to manage collaborative projects hinder the Council's ability to ensure their success

- 104 Most partners feel that they have access to the officers they need at all levels of the Council, and that this has improved in the last year, accelerating further with the appointment of the new Chief Executive. A number of partners stated that the Council's senior leadership team is 'forward thinking'.
- 105 Partners have also built positive relationships with members. There are a number of examples of events set up to improve relationships and share knowledge with partners, including a private-sector facilitated session with members called 'walk in the shoes of a vulnerable person in your ward'.
- 106 However, the Council does not have a clear understanding of the extent of its collaborative work. Many of the 100 or so collaborative projects that service managers within the Council and in neighbouring councils state they are undertaking, are not included in the Council's collaborative map.
- 107 The Council does not always make it clear what the rationale for collaborating is or what the anticipated benefits of the collaboration are. Many collaborative projects, particularly

smaller and less formal collaborations, are based on personal relationships and trust alone. The Council does not have a clear, centrally agreed or managed approach to dealing with collaborative projects. Many collaborative projects do not have clear business cases, governance or decision-making arrangements that set out the options and their implications. Neither do many collaborative projects have mechanisms for managing projects, performance, finance, risk or people. Without such processes in place, the Council is not able to evaluate the effectiveness or implications of collaborations.

- 108 Many projects lack information on the costs and benefits of collaboration, making it difficult to assess value for money. They also lack information on how long they should or will last, so there is a risk that partners could continue with arrangements that are achieving very little without any review or evaluation. All of this poses a risk to the Council's ability to deliver improvements and better outcomes.
- 109 However, some of the large-scale, high-cost and government-funded collaborative projects tend to be managed more effectively with clearer business cases, performance management and contract management arrangements although this is not consistent across all major collaborations. For some projects, for example Families First, the Council is attempting to implement Results Based Accountability (RBA)⁷ although this has led to confusion over performance measures and targets.

⁷ Results Based Accountability is an approach based on judging impact and outcomes and the difference services can make to people's quality of life.

- 110 In terms of some of the Council's key collaborations, the Education Achievement Service (EAS), set up by the five councils in Gwent in September 2012, is a company limited by guarantee wholly owned by the five councils. Legal responsibility is held by the EAS Board, which consists of an elected member nominee from each of the five councils. Broader representatives from the five councils come together as a Joint Executive Group (JEG) to oversee the work of the board and the EAS, and hold them to account. Newport's Cabinet Member for Education has concerns that the JEG does not meet often enough and that attendance is poor. A Joint Scrutiny Committee is also being established to scrutinise the work of the EAS across the region. In addition to this, the chief education officers from the five councils also meet on a weekly basis with the Managing Director of the EAS.
- 111 There is a clear funding arrangement for the EAS and service level agreements that schools can subscribe to. EAS partners have committed to make significant improvements to education in Gwent by 2015, including improvements in school bandings, literacy, and numeracy and closing the attainment gap for disadvantaged pupils. But specific levels of performance improvement expected and being achieved for Newport are less clear and some members are concerned that it is not getting value for money or a fair return on its investment from the EAS. The Cabinet member has asked for a report in September 2013 outlining the value for money that Newport is getting from the EAS.
- 112 During the summer in 2012, the Council and Blaenau Gwent County Borough Council began discussing collaboration of their education services. Originally, both councils planned to fully integrate the two education services. During the autumn of 2012, this was revised to integrating the management teams of both education departments into one management team immediately with a view to eventual full integration in future, and this is what was proposed in a report to the Council's Cabinet in November 2012. However, the report was deferred pending further discussions with the Cabinet Member for Education. In December 2012, the report that was presented to Cabinet recommended sharing only its Chief Education Officer with Blaenau Gwent County Borough Council. As we have mentioned earlier in this report, at no point during this process were any of the decisions to change course reported or recorded clearly as to what decisions were taken and by whom. None of the options were fully considered and nor were they all reported to Cabinet together as a comprehensive portfolio of options to enable an informed decision based on the implications of each option. This process lacked transparency and did not represent good governance.
- 113 The joint appointment of the Council's Chief Education Officer with Blaenau Gwent County Borough Council began on 1 February 2013 and a service level agreement with reporting arrangements and performance monitoring information has also been agreed by both councils. Newport City Council's Cabinet resolved to review progress in terms of costs and effectiveness

- of the joint post after six months. It also resolved to undertake a full review after two years to assess its effectiveness and impact of the joint appointment on the standards of education in Newport.
- 114 From April 2011, Aneurin Bevan Health Board and the five councils in Gwent began implementing an ambitious integrated model of health and social care called the Gwent Frailty Programme (GFP). The GFP has legal status under a Section 33 Partnership agreement between the health board and the five councils and is supported with £6.9 million of Invest to Save funding from the Welsh Government. The GFP's aims have significant relevance to the way in which the public sector bodies involved use their resources and are central to the delivery of improvement priorities at all agencies involved.
- 115 Each council adopted a different model for delivering the GFP. In Newport, the Council anticipated that its model for delivering the GFP would achieve significant benefits to the people of the city and that savings would be achieved through lower domiciliary care packages and reduced numbers in residential care homes. While there is some evidence that the number of individuals requiring care packages is falling, officers reported the cost of domiciliary care packages has increased by around 18 per cent.
- 116 When examining what the project is achieving in Newport, some of the Council's messages on what outcomes are being delivered are confusing and are not always consistent. This means that there is a lack
- of consensus within the Council on what the real issues are that need managing, and what the project is tangibly achieving for the citizens of Newport. This is compounded by the lack of performance management information to demonstrate the benefits being achieved by and for the Council. Reporting arrangements to Cabinet and scrutiny are poor with the report format and content not reflecting key changes. Financial analysis is very brief and high level and was missing in some reports. This is concerning given the need for each council to deliver savings as part of the GFP, and the significant financial pressures and overspends in adult services in 2012-13. Worryingly, although the Council's reports identified broad project risks for the GFP (and these have not changed over the last 18 months), the reports do not reflect the risks of delivering the project on the Council, suggesting poor risk management arrangements.
- 117 Although the Council remains committed to the Gwent Frailty concept, it has become concerned that the original Newport modelling was not sufficiently robust and that the model is not effective or efficient for the Council or the people of Newport. It has sought to understand this position by engaging independent expertise to undertake a review of its Adult Services financial pressures. It is also keen to work with its other partners in the GFP to evaluate the programme and is open to adopting a different delivery model learning from the pan Gwent Frailty experience. We intend to undertake a follow-up review of our 2012 GFP report during 2014-15 in partnership with CSSIW.

Recent structural changes to the Local Service Board have improved the engagement of key partners but had a mixed impact on other partners

- 118 There is senior level commitment within the Council (both managerial and political) to make improvements to the Local Strategic Board (LSB) in Newport. The Council's partnership support team has agreed to carry out a self-evaluation of the LSB during summer 2013 to look at the effectiveness of the new structures and Single Integrated Plan. This self-evaluation will include consideration of the views of partners, relevant stakeholders and members of the public.
- 119 Recent changes to the structure of the LSB have resulted in the development of these reconfigured groups:
- Executive Group – A new, small group made up of key partners to take decisions on the most strategic issues and unblock the most significant problems.
 - LSB broader group – A continuation of the existing LSB group, inclusive and made up of a broad range of partners.
 - Single Integrated Plan board – A renamed 'Strategic Priority Leads Group' made up of senior officers from key partner organisations. The group will be more focused on further development of the Unified Needs Assessment, driving forward the Single Integrated Plan and unblocking operational issues.
- 120 However, it is not clear whether terms of reference have been agreed yet for the new groups supporting the revised LSB structure.
- 121 Key partners are becoming more engaged in the LSB and believe that changes to the structure and governance of the LSB have the potential to improve accountability and challenge. Officers in the Council, Gwent Police and registered social landlords agreed that the changes to the structure and direction of the LSB will be a significant improvement to past arrangements.
- 122 But the changes to structure and governance have had a mixed impact on other partners. Some partners, particularly from the third sector, felt that the development of the LSB Executive Group moves decision making away from the broader LSB group, duplicates the group's other roles and therefore side-lines smaller, particularly third sector partner organisations into a defunct group. Some private sector partners feel that the LSB was, and remains, an irrelevance to them, despite recent structural changes. Clarity of roles and responsibilities coupled with effective communication is key to addressing these concerns about the new structure.

The Local Service Board has a stronger evidence base and has used this to develop a clearer vision and set of priorities for the city, but awareness of these is low and not yet integrated into organisational planning

123 The Council is improving the way it shares data with partners. There is a data-sharing protocol and discussion of data and analytical capacity at the LSB's performance and commissioning group. Detailed ward profiles are being developed as part of the LSB's Neighbourhood Working project with the aim of better targeting and differentiation of services. The Unified Needs Assessment⁸ contains information from a broad range of partners. Partners feel that the development of the Unified Needs Assessment has been a big step forward for the LSB in enabling it to take a more robust, evidence-based approach to planning and priority setting. The Unified Needs Assessment was used to develop the Single Integrated Plan, which was agreed by the Council on 26 February 2013 and sets out the LSB's high-level priorities, which are supported by a basket of measures for each of the six priority areas.

124 However, it is not clear how the LSB developed and agreed the priorities set out in the Single Integrated Plan. The Single Integrated Plan does not effectively set out what levels of improvement are required or which partners are responsible for implementing which elements. Many of the measures are long-term and outcome-focused and it is not clear how performance against milestones will be measured in the short to medium term.

125 Neither is it clear whether the Council has the capacity (particularly analytical capacity) to complete the development of ward profiles as this work is not being progressed as quickly as it intended. It is not clear when the Unified Needs Assessment will be updated or how it will be more systematically included in the Council's business and service planning.

126 The timing of the development of the Single Integrated Plan has resulted in difficulties integrating it into the Council's corporate planning and service business planning for 2013-14. The Council hopes that this integration will take place over the next year, but there are no clear arrangements to ensure this happens. These integration difficulties are also felt to be a consequence of separating the performance team and partnership team, who have previously worked in close proximity.

127 To date, there has been limited communication of the Single Integrated Plan within the Council and partner organisations, and no internal or external communication plan has been developed.

⁸ The Welsh Government document 'Shared Purpose – Shared Delivery' published in January 2012, set out the need for local service boards to develop a new, Single Integrated Plan. This plan should have a strong basis in evidence and be underpinned by a Single Needs Assessment.

An improved performance management framework has been developed for the Local Service Board but it is not yet being used effectively to inform planning or decision making

128 The new LSB performance management framework provides a good summary of overall roles and responsibilities, reporting mechanisms and timeframes. The performance report card and delivery plan templates will be useful. But the framework lacks detail on which individuals or organisations are responsible for delivery and providing monitoring information. It is not clear whether any single group will be able to develop a full understanding of the performance of the LSB (both in terms of achieving actions and improving performance), as different parts of the framework are reported to different groups at different times.

129 It is not clear what happens when the LSB underperforms or identifies underperformance, particularly as some of the members of the Single Integrated Plan Board will be scrutinising their own decisions, progress and performance, which presents a conflict of interest and a key governance and performance risk. We have seen limited evidence of the use of the performance management framework to date. Performance has not been the focus of any of the groups we observed, even at the LSB meeting considering the partnership annual report.

130 There was limited recognition of the need to measure or evaluate the resource (people and financial) implications of partnership working and no recognition of the need to monitor financial savings made as a result of collaborative working. Partnership evaluation and performance does not form part of Cabinet and scrutiny work programmes. Scrutiny members are not clear about their role in, or ability to, scrutinise partners. There are no clear plans to develop mechanisms to scrutinise the delivery of the Single Integrated Plan or partnership working. As a result, it is not clear whether partnership working is delivering improved outcomes in any of the LSB's priority areas.

The Neighbourhood Working project has been reinvigorated and progress has been made on developing area partnerships, but the project has still not had an impact on communities in Newport

131 Since we undertook the fieldwork for our review of Neighbourhood Working in February 2013, the LSB's Area Partnership implementation group has met three times. A full time coordinator for the project has started work and the second-stage work programmes have been put in place. A members' seminar has been held to improve awareness of Neighbourhood Working, and it is intended that the South East Newport Area Board will start meeting in September 2013. Whilst progress has been made with arrangements and meetings, nothing has changed for communities in the Neighbourhood Working pilot areas.

Proposals for improvement

- P3** Develop a clearer understanding of the collaborative projects taking place across the Council and an agreed and widely communicated approach to the management of collaboration. The approach should help the Council to ensure that collaborations are providing value for money outcomes for Newport's citizens.
- P4** Evaluate the new structures of the LSB to ensure that terms of reference are clear, that the groups are inclusive (particularly of third sector and private sector partners), and that roles are not duplicated.
- P5** Clarify timescales for updating and reviewing the Unified Needs Assessment and Single Integrated Plan and develop a communication strategy to ensure wider awareness of these key documents. Ensure that the process for selecting priorities is agreed, clear, transparent and widely communicated.
- P6** Strengthen the LSB's performance management framework to set out:
- clearer and more detailed roles and responsibilities on what will be delivered by which organisations;
 - what performance information will be collected, where and when it will be monitored, and how progress and performance will be monitored;
 - mechanisms for dealing with underperformance; and
 - a stronger focus on performance and resource management across the LSB.
- P7** Maintain the increased momentum of the Neighbourhood Working project and ensure that its planned impact on communities and citizens is achieved.

The Council recognises that it has not managed performance and risk well enough, and is putting some better arrangements in place to drive improvement

The Council does not have a strong performance culture but has begun to address this longstanding weakness

- 132 Whilst the Council's officers now accept that they have a role in performance monitoring, the effective engagement of heads of service in performance management varies. Activities focus on performance monitoring rather than performance management and it is not always clear what individual senior officers or members are accountable for. Challenge and scrutiny of service performance is not systematic or effective. Performance information is not publicised widely to the public or internally across the Council.
- 133 But these longstanding cultural issues are starting to be challenged with a new focus on strengthening accountability and developing a stronger performance culture, which is being driven at the most senior level. Strategic responsibility for performance management has recently been clarified and is the responsibility of the Head of People and Transformation. The performance and business improvement teams have been brought together into a single team. A partnering approach has been developed between these teams and services to provide them with support in developing a stronger performance culture.
- 134 A single, high-level dashboard of 14 performance measures of organisational health is being developed by senior managers. New arrangements have been put in place for the Senior Leadership Team and the wider Corporate Management Team to meet regularly to lead change and improvement with the potential for peer challenge. Joint sessions between Corporate Management Team and Cabinet are also being held and together they have developed the Council's new mission and operational framework and its 2013-14 improvement objectives.
- 135 In addition to these emerging changes, some improved arrangements have been put in place to improve performance monitoring. The process for monitoring and addressing regulator recommendations is slowly improving but is still not yet effective.
- 136 Prioritisation, service planning and improvement planning processes have started to improve. Whilst the use of benchmarking has also started to improve, as has target setting, as a result of using baseline data in service planning arrangements, the Council acknowledges that further improvement is needed. More mature discussions are being held around target setting to prioritise investment and activity so that the Council is clearer about which service improvements it will prioritise over others. Monitoring information on the change programme, performance and finances will be reported at the same meetings in future to improve the links and interrelationships between them. However, these are new developments and as such unproven.

Whilst improvement planning is developing, the Council has failed to discharge some of its improvement planning duties under the Measure for 2013 14

- 137 The Council has developed a clearer Improvement Plan for 2013-14, which has a smaller number of more focused improvement objectives compared with its 2012 13 Improvement Plan. There is a more comprehensive basket of performance indicators and measures for some of the improvement objectives and clearer links between actions and outcomes.
- 138 However, the Council has failed to discharge some of its improvement planning duties under the Measure for 2013-14 as it has not published its Improvement Plan for 2013-14 within a reasonable timescale. The Council was also slow to publish its Improvement Plan last year. As such, we identified in our October 2012 Improvement Assessment Letter that the Council 'should ensure that it has arrangements in place to publish its Improvement Plan as soon as practicable after the start of each financial year, and to act more in accordance with Welsh Government guidance'. The 2013-14 Improvement Plan was not published until July 2013. In the absence of exceptional circumstances, we would consider it reasonable to expect a council to make arrangements to formulate, scrutinise, approve and publish its improvement objectives at the latest before the end of the first quarter of the financial year to which they relate. As such, despite raising the timeliness of its publication as an issue last

year, publishing in July this year is again too late in our view.

- 139 In addition, it is not clear how the improvement objectives are prioritised or how the Council will be sure that they are all being achieved. The improvement objectives vary in quality and due to a lack of a rounded basket of measures for some objectives, it will be difficult for the Council to fully assess whether the objective is being achieved. The target-setting process is not clear and this was challenged by scrutiny members. Consultation on the Improvement Plan and improvement objectives was limited. The development of the Improvement Plan was officer led and involved scrutiny members at too late a stage. The Council must put arrangements in place to enable it to formulate, scrutinise, approve and publish its improvement objectives in a timely way to meet its statutory obligations.

Performance reporting does not allow citizens, members or managers to effectively judge how well the Council's services are performing or make effective and informed decisions to improve

- 140 Public reporting is limited and is not open and transparent. The Council's main public reporting of performance consists of the publication of its Annual Performance Review on its website. However, its 2011-12 published Annual Performance Review was weak. In our second Improvement Assessment Letter (December 2012) we concluded that the Council's review did

not demonstrate whether it had achieved its improvement objectives and improved outcomes for citizens. In our Annual Improvement Report (March 2013) we concluded that the Council's self-evaluation of performance has been weak and has hindered efforts to manage, evaluate, report and improve performance. The Council recognises these issues and is responding positively.

141 The Council's Performance Board is the only committee where a full set of performance indicators and related analysis are reported at the end of the year. This year, the Performance Board has publicly recognised that actual performance levels are disappointing. However, it is unclear whether the Performance Board is a public meeting, or how members of the public would find the information on the website as the schedule for notifying the public of future Council meetings does not include Performance Board meetings.

142 Internal performance reporting is not effective and is spread across a range of different groups and forums. Performance information has not been reported in a regular, timely or challenging way and no single group has a view on the overall picture of performance across the Council. The Council has a huge quantity of data and information but is not using it in a coherent or effective way. Officers and members are confused about what information goes where and when. Some performance reports have been found to be unbalanced or contain inaccuracies or inconsistencies. This

prevents officers and members from being able to effectively challenge or scrutinise performance or make effective, well-informed decisions about future provision. This is starting to improve with the regular reporting of performance information to Corporate Management Team and the development of the dashboard.

Activities focus on performance monitoring rather than performance management and challenge and scrutiny of performance are not effective

143 The Council is making significant efforts to improve performance management processes and the robustness of systems. However, performance management also requires clear performance reporting arrangements and regular discussion between officers and members who are capable of challenging the information that comes to them and taking appropriate and timely corrective action to address weak or declining performance. There is currently limited analysis or commentary on under or over performance in services. Members are focused on 'red' performance indicators but do not investigate the broader outcomes and objectives to which they relate. As such they miss the big picture and knock-on consequences to evaluate whether they are addressing the issue or just shifting the problems onto other areas within the service or onto other services.

144 It is not clear whether members and officers have fully analysed or understood declining levels of performance across the Council. Target setting is not yet effective. Performance management, and particularly tackling underperformance, is not linked with financial monitoring to allow for potential shifting of resources to enable the Council to target those resources to address performance issues effectively.

145 There is no forum in the Council where performance as a whole, rather than individual performance indicators, is challenged. Performance Board meetings still receive reports 'for information' with limited time for identification, investigation or challenge of performance issues. It is not clear whether members are involved in setting the agenda, or whether they feel able to effectively challenge the information provided.

146 Limited performance information reaches scrutiny committees, other than half-yearly Improvement Plan monitoring and service plan monitoring reports. Where committees do receive performance information, it is not effectively or systematically challenged by members. It is not clear whether members have the capacity or detailed understanding required to challenge service performance. Cabinet members are not held to account by scrutiny committees for performance issues relating to their portfolios.

147 The respective roles and responsibilities of Performance Board and scrutiny are not clear and could be seen to be undermining rather than supporting each other in challenging and driving improvement. Neither is it clear whether Cabinet members challenge each other, and Cabinet members are not always holding heads of service to account. As a result, the Council's performance is not being challenged and managed effectively.

A more comprehensive business planning process has started to be implemented but the Council has not aligned its plans effectively

148 The Council's new service improvement planning process adopted since January 2013 is more comprehensive and consistent. It has been developed by the corporate performance team and rolled out for all 2013-14 service plans. The new business planning process is standardised across all services, with much clearer guidance and a mandatory service plan template. The guidance makes it clear that the new process aims to demonstrate that a 'golden thread' runs through the organisation, linking and translating high-level strategies and plans into operational actions in service plans. It also requires services to include information in service plans on existing and targeted performance levels and financial data.

149 However, this translation of high-level strategies, particularly the Single Integrated Plan, into service and operational plans has not been done systematically this year. Some service plans have not effectively included or translated the relevant parts of the Unified Needs Assessment or Single Integrated Plan. This may be due to low levels of awareness of these documents. The Council's performance team intends to test this later in 2013. Given that the Council's new organisational framework has only recently been adopted, this and the proposed prospectus for change that is being developed are yet to be aligned with the Council's plans and improvement planning processes.

150 There is no clear, regular or consistent process for effectively challenging or scrutinising service improvement plans. Some service improvement plans, particularly those for corporate services, contain limited performance information and many contain limited financial information.

Risk management is weak

151 The Council has recognised the importance of managing risk and a corporate risk register with supporting guidance has been developed. Eleven key risks have been identified and assessed as high or medium. There are no low risks. The Council's Cabinet has endorsed the risk management strategy and corporate risk register and plans to have regard to it when allocating resources. Cabinet has agreed that updates to the corporate risk register will be considered at Cabinet every six months, although this does not appear to have started yet. Individual service areas should be compiling their own risk registers, which they consider alongside their service improvement plans.

152 However, the culture and arrangements within which the Council manages risk still need significant improvement. Risk management is not seen as a high priority in some service areas and risks are still primarily managed at a project rather than corporate level. The corporate risk register does not contain a timeframe covering the period when the risk(s) could mature and this also applies to the current controls. The process for monitoring how each of the services manage their risks is inconsistent and accountability arrangements need to be made clearer. Risks are managed better in some individual projects than others but are not managed well corporately. Risks that are not accepted are not captured anywhere.

153 The Audit Committee could play a greater role in ensuring that there are appropriate processes in place for the identification and management of risks to assist with its role and the development of the Annual Governance Statement. The Annual Governance Statement needs to be strengthened to include more detail on how risks are managed and monitored. There are no processes to capture accepted risks, the management of which is constrained by the costs or practicalities of addressing them.

Recommendation

- R6** Put in place arrangements that enable the Council to formulate, scrutinise, approve and publish its improvement objectives in a timely way to meet its statutory obligations under the Measure. In doing so, the Council should:
- Develop a more comprehensive, open and transparent approach to public reporting.
 - Ensure that internal reporting is systematic, regular and getting to the right groups with a stronger focus on priorities.
 - Develop a clear and agreed approach to prioritisation of improvement objectives and the development of measures for these improvement objectives that involve scrutiny members at an early stage and a stronger approach to consultation.
 - Enable members to effectively challenge and scrutinise service performance:
 - clarify the respective roles of Performance Board and scrutiny;
 - ensure that both groups receive regular, high-quality, priority-focused performance information;
 - ensure that meeting agendas allow for sufficient time for members to focus on (broad) underperformance in both; and
 - provide training on effective challenge and scrutiny for members.
 - Further embed the approach to business and service planning and ensure that corporate and single integrated plans are included.
 - Improve the corporate approach to risk management.
 - Improve target setting to better reflect the service/performance standards the Council wants to achieve and ensure resources are allocated to deliver desired standards through the Medium-Term Financial Plan.

The Council's education service mostly performs at or above expected levels, but the Council is not achieving everything it set out to do in some other key services

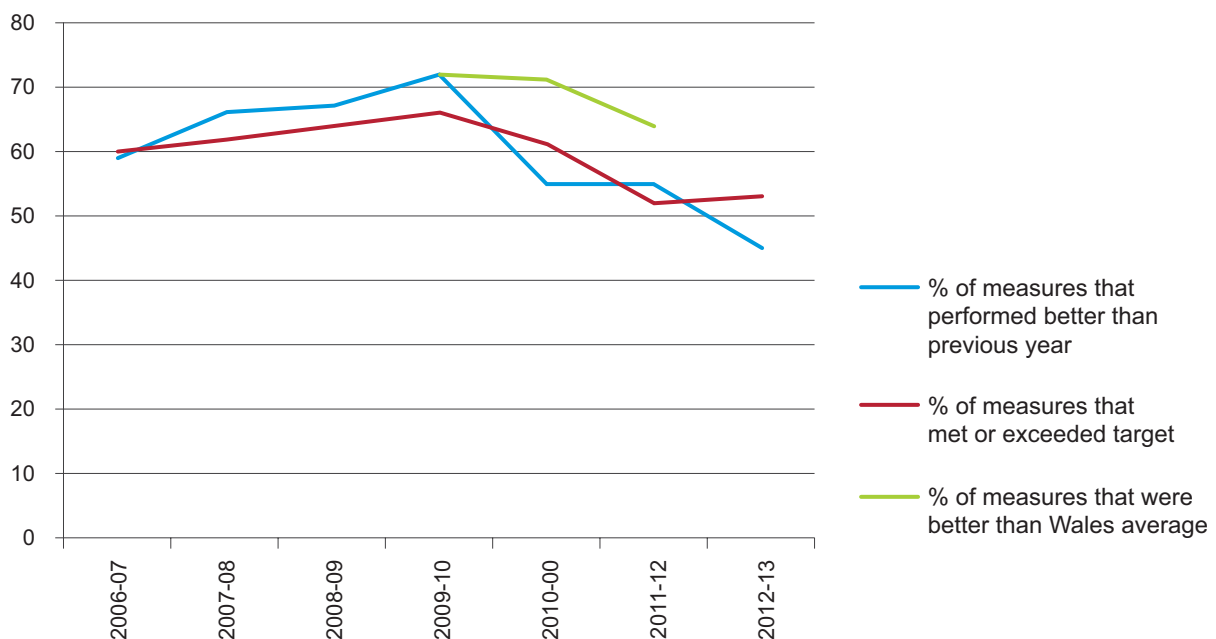
The Council's own early analysis of its performance during 2012-13 indicates that performance overall is declining as measured by a range of indicators

154 The Council's own early analysis of some 150 measures drawn from its service plans (see [Figure 1](#)) reveals that in 2012-13 the proportion of measures that showed an improvement compared with the previous

year's performance was 45 per cent. This is lower than in 2011-12 when 55 per cent of measures showed an improvement compared with the previous year.

155 Comparison in relation to the Council's actual performance against its intended performance in 2012-13, as measured by the targets it set itself, reveals that it only met or exceeded 53 per cent of its targets. This is a similar performance to that achieved in 2011-12 when it met or exceeded 52 per cent of its targets.

Figure 1 – Council analysis of some 150 performance measures compared with the previous year, in-year target and Welsh average for 2006-07 to 2012-13

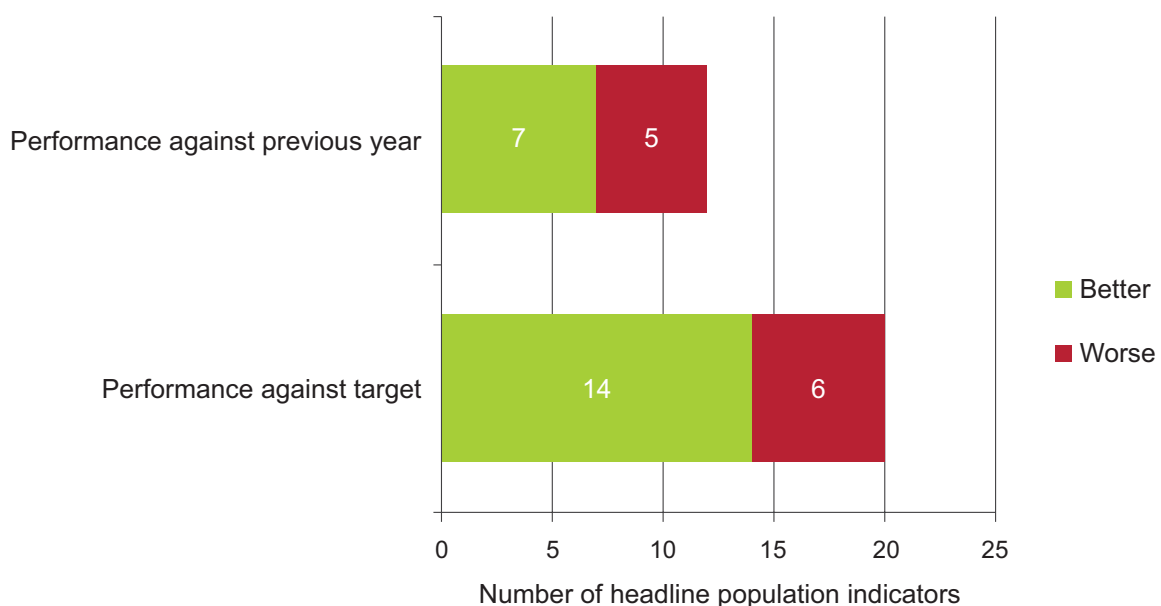


- 156 Analysis of the 44 national strategic indicators and public accountability measures for 2012-13 reveals that:
- of the 39 measures that can be compared with the previous year 19 improved (49 per cent) compared with 60 per cent in 2011-12;
 - 39 per cent of indicators performed better than the Welsh average in 2012-13; and
 - the early analysis undertaken by the Council shows that 48 per cent met or exceeded their targets in 2012-13 compared with 53 per cent in 2011-12.

157 However, an analysis of the performance measures that the Council uses to assess delivery of its improvement objectives reveals that 7 out of 12 measures (58 per cent) show improvement in 2012-13 – this is the same proportion as in 2011-12. There is a more positive picture when assessing achievement against target – 14 of the 20 measures (70 per cent) met or exceeded their targets in 2012-13. This is a marked improvement compared with 2011-12 when only 44 per cent of the targets were met or exceeded (see [Figure 2](#)).

158 The Council received the full payment of the Outcome Agreement Grant⁹, £1.5 million per year, in both 2010-11 and 2011-12 and is expecting to receive the full payment for 2012-13.

Figure 2 – Analysis of the Council’s Improvement Plan performance measures 2012-13



⁹ Outcome agreement grants are annual grants paid by the Welsh Government to local authorities based on their performance against an agreed set of outcomes.

Analysis of key performance indicators for services reveals a mixed picture of improvement

Performance¹⁰ in relation to key education measures shows that the Council maintains a low-cost system of primary and secondary schools that performs at or above expected levels for most key indicators

- 159 In 2012, the percentage of pupils entitled to free-school-meals was 20.8 per cent. This indicator is used as a proxy to measure deprivation levels in local authorities across Wales. This percentage is higher than the Wales average of 19.3 per cent and means that Newport is 15th in Wales compared to other councils, where 22nd means the most deprived.
- 160 Pupils in Newport schools perform well in the early stages of their education. In 2012, 84.9 per cent of seven-year-olds in Newport schools achieved the Foundation Phase indicator, well above the Wales average of 80.5 per cent, and second highest of all councils in Wales. Eleven-year-olds also performed strongly in national curriculum assessments, though the gap between performance in Newport schools and the Wales average has begun to close in recent years. Nevertheless, in 2012, 86.1 per cent of pupils achieved the key stage 2 core subject indicator¹¹ compared with 82.6 per cent across Wales and was fourth highest in Wales. A comparison of performance in Newport primary schools with that in schools across Wales with similar levels of deprivation suggests that far more schools in Newport perform well than might be expected.

- 161 Pupils in secondary schools also perform well on most indicators. In 2012, 73.8 per cent of 14-year-old pupils achieved the key stage 3 core subject indicator, slightly more than the Wales average of 72.5 per cent. Performance against this indicator continues to improve, although the rate of improvement has been slower in recent years. Performance in Newport was seventh in Wales in 2011 and 11th in Wales in 2012. However, more schools in Newport performed well than might be expected when compared with other schools across Wales with similar levels of deprivation.
- 162 At the age of 16, the proportion of pupils in Newport achieving the Level 2 Threshold (equivalent to five or more good GCSE passes) reached 77.1 per cent in 2012, well above the Wales average and eighth of all 22 councils in Wales. Three-quarters of Newport's secondary schools achieved a score that was at least as high as might be expected on this indicator when compared with similar schools across Wales. However, only 49.2 per cent of pupils included good grades in English or Welsh (first language) and mathematics among their qualifications. This is lower than the Wales average of 50.7 per cent and places the Council 16th out of the 22 councils in Wales. Performance against this important indicator continues to improve, and is at the level that might be expected given levels of deprivation in Newport. However, the comparatively low proportion of pupils achieving a good GCSE grade in mathematics in recent years is a barrier to improvement.

¹⁰ Analysis based on verified performance data for 2011-12 as 2012-13 academic year results not verified until November 2013 and will be updated as part of our ongoing improvement assessment work.

¹¹ To achieve the core subject indicator, a pupil must achieve the expected national curriculum level in English or Welsh (first language), mathematics and science.

- 163 The percentage of Newport learners leaving full-time education without a recognised qualification has risen over the last three years but still compares well to other councils in Wales. However, the proportion of 16-year-old school-leavers who do not progress into further education, training or employment, whilst improving, remains high at 4.9 per cent for 2012 which places it higher than the Welsh average of 4.2 per cent and 17th among Welsh councils.
- 164 Whilst the rates of attendance in both primary and secondary schools improved during the 2011/12 academic year, they remained slightly lower than the Wales average. They were broadly in line with what might be expected when compared with similar schools across Wales. The percentage pupil attendance in primary schools improved slightly from 93 in 2010/11 to 93.4 in 2011/12 but still a little below the Welsh average of 93.8 per cent. In 2010/11, the Council was placed 15th out of the 22 councils in Wales and performance in 2011/12 places it 16th. The percentage pupil attendance in secondary schools improved marginally between 2010/11 (91.8 per cent) and 2011/12 (91.9 per cent). Other councils improved at a faster rate, with the result that Newport's ranking fell from eighth to 17th out of 22.
- 165 Rates of permanent and fixed-term exclusions from Newport secondary schools were a little higher than the Wales average in 2011/12, with more fixed-term exclusions than in the previous year. The rate of permanent exclusions fell from 1.5 to 1.2 per 1,000 pupils, compared with the Wales average of 0.5 exclusions per 1,000 pupils (19th out of 22). There were 72 fixed-term exclusions of five days or less per 1,000 pupils (Wales average 66.6, Newport 17th out of 22) and 6.4 fixed-term exclusions of six days or more per 1,000 pupils (Wales average 5.3, Newport 15th out of 22).
- 166 The percentage of final statements of special education need issued within 26 weeks including exceptions deteriorated from 73.2 in 2011 to 62.8 in 2012 and is worse than the Welsh average of 71.6 per cent. In 2011, the Council was placed 15th out of the 22 councils in Wales and performance in 2012 places it 16th.
- 167 The percentage of final statements of special education need issued within 26 weeks excluding exceptions deteriorated from 96.2 in 2011 to 81.0 in 2012 and is worse than the Welsh average of 95.6 per cent. In 2011, the Council was placed 14th out of the 22 councils in Wales and performance in 2012 places it 21st.

168 The Council is responsible for ensuring an adequate supply of school places in an efficient manner. There are some 2,060 surplus primary school places (15.1 per cent of the total) distributed across the 49 schools. Though higher than Welsh Government targets of 10 per cent, this is well below the Wales average of 18.2 per cent. In secondary schools, there are about 630 surplus places within four of the schools in Newport, but the other four schools are oversubscribed by a similar amount. There is therefore no net surplus capacity. As increasing numbers of pupils in primary schools transfer to the secondary sector, the Council may therefore need to add capacity in some schools.

169 The comparatively low numbers of surplus places and the fact that the Council maintains only three small primary schools contribute to the fact that the Council's net expenditure on education for 2012-13 financial year was, at £4,311 per pupil, the lowest of all councils in Wales and some £500 per pupil below the Welsh average. The gross cost of both the primary and secondary school provision, taking account of both delegated and non-delegated funding, but excluding home-to-school transport, are also the lowest of all councils in Wales.

Key performance measures for Adult Services are mixed with the Council having the worst performance in Wales in key areas relating to independence

170 Performance in relation to delayed transfers of care, per 1,000 population aged 75 or over, has further deteriorated from 5.78 in 2011-12 to 11.8 in 2012-13. In 2011-12, the Council was placed 15th out of the 22 councils in Wales and now has the worst performance in Wales. The decline in Newport is not in line with the trend across Wales where delayed transfers of care are improving from an average of 5.03 in 2011-12 to 4.57 in 2012-13. The Council told us that demand for specialist nursing care outstripped supply and they are adding additional capacity to address this performance. The Council is also strengthening its hospital social work team.

171 The rate of older people helped to live at home, per 1,000 population aged 65 or over, has reduced from 77.48 in 2011-12 to 69.0 in 2012-13 and is below the Welsh average of 77.53. In 2011-12, the Council was placed 10th out of the 22 councils in Wales and its 2012-13 performance places it 12th. Despite this the Council told us that it has a number of preventative measures in place, for example, a number of people are receiving short-term support from the Promoting Independent Living Service. The Council is planning to develop additional measures to capture all the services it provides to help older people remain in their homes.

- 172 The number of people aged 65 or over residing in care homes improved from a rate of 19.59 per 1,000 population in 2011-12 to 18.5 in 2012-13. Performance is better than the Welsh average of 20.63. In 2011-12, the Council was placed sixth out of the 22 councils in Wales and it maintained this position in 2012-13.
- 173 Whilst the time in which adaptations for disabled people are provided has improved significantly during 2012-13, from 638 days in 2011-12 to 539 days, the Council remains the worst performer in Wales for the second consecutive year. The Welsh average is 271 days. The Council did not achieve its own target for 2012-13 of 475 days.
- 174 The percentage of adult protection referrals completed where the risk has been managed has improved from 85.8 in 2011-12 to 90.6 in 2012-13 but is still below the Welsh average of 91.8. In 2011-12, the Council was placed 17th out of 22 councils in Wales and performance in 2012-13 places it 16th.

Many key performance measures for Children's Services are deteriorating with just over half performing better than the Welsh average but the Council's relative performance compared with the rest of Wales is mostly declining

- 175 The number of looked-after children in 2013 is 278, which is the same as in 2012. The percentage of looked-after children first placements with a care plan remains high with 100 per cent in 2011-12 and 99 per cent in 2012-13 which is better than the Welsh average of 89.1 per cent. The Council was placed first out of 22 councils in Wales in 2011-12 and performance in 2012-13 places it 10th.
- 176 The percentage of children looked after on 31 March who have had three or more placements during the year has improved from 9.4 in 2011-12 to 6.8 in 2012-13 and is better than the Welsh average of 9.4. In 2011-12, the Council was placed 11th out of 22 councils in Wales and performance in 2012-13 places it fourth.
- 177 The percentage of children looked after at 31 March who have experienced one or more changes of school, during a period or periods of being looked after, which were not due to transitional arrangements, in the 12 months to 31 March has deteriorated from 7.1 in 2011-12 to 15.5 in 2012-13. This performance is worse than the Welsh average of 13.7 per cent. In 2011-12, the Council was placed fourth out of 22 councils in Wales and performance in 2012-13 places it 14th. The Council told us that 17 of the 25 moves were due to permanence and adoption reasons to ensure long-term stability.

- 177 The average external qualifications point score for 16-year-old looked-after children in any local authority maintained learning setting has deteriorated from 254.9 in 2011-12 to 190.0 in 2012-13 which is worse than the Welsh average of 221 points. In 2011-12, the Council was placed second out of 22 councils in Wales and performance in 2012-13 places it 16th. Despite this performance, no looked-after children left school without any qualifications in 2011-12 or 2012-13.
- 178 There have been improvements in initial assessments completed in seven days from 79.8 per cent in 2011-12 to 85.8 per cent in 2012-13, which is better than the Welsh average of 73.1 per cent. In 2011-12, the Council was placed ninth and performance in 2012-13 places it seventh. Core assessments completed in a timely manner also improved from 84.9 per cent in 2011-12 to 85.4 per cent in 2012-13 and is better than the Welsh average of 76.6 per cent. In 2011-12, the Council was placed ninth and performance in 2012-13 places it tenth. However, the percentage of initial assessments completed during the year where there is evidence that the child has been seen by the social worker has reduced from 73.4 in 2011-12 to 66.9 per cent in 2012-13, which is worse than Welsh average of 75.4. In 2011-12, the Council was placed 10th out of 22 councils in Wales and performance in 2012-13 places it 21st. The percentage of initial assessments where there is evidence that the child has been seen alone by the social worker has deteriorated from 31.6 in 2011-12 to 26.3 in 2012-13, which is worse than the Welsh average of 37.5 per cent. In 2011-12, the Council was placed 14th out of 22 councils in Wales on this measure and performance in 2012-13 places it 18th.
- 179 The percentage of statutory visits to looked-after children that took place in accordance with the regulations deteriorated from 91.5 per cent in 2011-12 to 87.5 per cent in 2012-13, which is better than the Welsh average of 83 per cent. In 2011-12, the Council was placed fourth out of 22 councils in Wales and performance in 2012-13 places it ninth.
- 180 The percentage of reviews of looked-after children, children on the Child Protection Register and children in need carried out in line with the statutory timetable, improved from 87.4 per cent in 2011-12 to 97.1 per cent in 2012-13, and is better than the Welsh average of 86.6 per cent. In 2011-12, the Council was placed 11th out of 22 councils in Wales and its performance in 2012-13 places it first.
- 181 The percentage of young carers known to social services who were assessed deteriorated from 100 per cent in 2011-12 to 90.9 per cent in 2012-13 which is worse than the Welsh average of 92.3 per cent. In 2011-12, the Council was placed first out of 22 councils in Wales and performance in 2012-13 places it 16th.
- 182 There has been no change in performance as measured by the percentage of eligible, relevant and former relevant children that have pathway plans as required. In both 2011-12 and 2012-13 performance was 97.2 per cent, which was better than Welsh averages for both years and it remains at 13th out of 22 councils in Wales.

183 In 2012-13, the percentage of young people formerly looked after with whom the authority is in contact at the age of 19 was 100 per cent which is better than the Welsh average of 93.4 per cent and places the Council first out of 22 councils in Wales. Of these young people:

- 88.9 per cent were known to be in suitable accommodation which is worse than the Welsh average of 93.2 per cent which places it 15th out of 22 councils in Wales; and
- 66.7 per cent were known to be in education, training or employment which is better than the Welsh average of 56.4 per cent which places it eighth out of 22 councils in Wales.

The Council is delivering improved outcomes for some vulnerable children and families but further improvement is needed if safe practice, better outcomes and management oversight for vulnerable children and those at risk of harm is to be consistently achieved

184 CSSIW published its report on the Inspection of Children's and Family Services – Newport City Council in February 2013. The report identifies a number of risks and also some good practice. The following paragraphs are drawn from the report.

185 'Summary of key findings:

- The introduction of the Integrated Family Support Team in 2010, along with more recent Integrated Family Support Services, is showing evidence of delivering improved outcomes for some vulnerable children and families.

It is too early for such services to have had a discernible impact on reducing the number of children on the Child Protection Register or the number of children looked after by the Council.

- During the eighteen months up until November 2012, service delivery changes and workforce pressures contributed to staff turnover for frontline services of up to 33 per cent. This included social worker, senior practitioner and team manager vacancies, and resulted in unsustainably high caseloads, inconsistency of practice and management oversight and decision making, and low staff morale.
- At the end of November 2012 the Council put in place actions to recruit and retain frontline staff through salary increases. This has already impacted on recent recruitment, and staff stability is beginning to improve. The recent service changes are beginning to settle into place and staff morale has markedly improved over the last three months.
- The Council's Threshold Audit action plan has recently been reviewed and updated and work was underway on improving the decision making process in the Duty and Assessment Teams to ensure consistency of practice.
- The proportion of newly qualified staff, and staff in their second year in the frontline teams, was very high, with experience predominantly concentrated in the senior practitioners and similar posts.

- Supervision had improved markedly though the quality and consistency of supervision needs continued attention. Staff spoke highly of the support and mentoring that was given to newly qualified staff.
- There was good leadership and a sound management culture at various levels in Children and Family Services, with Corporate and Elected Member support for Children and Family Services in delivering the whole Council safeguarding agenda.
- Overall, while there was evidence of some effective case work practice and decision making, there were also cases that raised considerable concern for the inspectors. Further improvement is needed if safe practice, better outcomes and management oversight for vulnerable children and those at risk of harm is to be consistently achieved.

186 Risks identified:

- Inconsistency of thresholds and decision making, coupled with the high volume of contacts and referrals, has left some children in situations of potential vulnerability and danger. This may in part, have been reflected in the high levels of re-referrals and the number of children reregistered on to the Child Protection Register.
- Recruiting and retaining staff, and the development of an increasingly experienced workforce, is required if caseloads and the quality of social work and preventative practice are to be of the required high standard.

- Capacity and eligibility criteria are limiting timely access of children and families to support services, both in terms of specific intervention services within the IFSS and services for children and young people with mental health problems.
- Lack of effective working practices with adult services risked poor outcomes for children where their parents had a learning disability and/or mental health problems.

187 Good practice and innovation identified:

- An effective range of innovative and evolving preventative and early intervention family support services, involving parents in owning and understanding their responsibilities in improving and providing safe and good enough parenting, using the 'distance travelled' system to identify positive change made by parents.
- Effective multiagency relationships at fieldwork level, bringing together practitioners from a range of statutory and voluntary organisations, with an improving child care focus in what are, at times, some difficult, challenging and dangerous situations for children, parents and staff alike. This includes a more consistent use of the 'Signs of Safety' process to assist analysis, planning and decision making for children in need and those at risk of harm.'

Key performance measures for Housing reveal a mixed picture in terms of improvement but the Council's relative performance compared with the rest of Wales is declining

- 188 The percentage of private sector dwellings that had been vacant for more than six months at 1 April that were returned to occupation during the year through direct action by the local authority has been steadily deteriorating over the last four years: from 5.38 in 2009-10, 4.6 in 2010-11, 4.6 in 2011-12 and 4.2 in 2012-13. Performance in 2012-13 is below the Welsh average of 5.11 per cent. In 2011-12, the Council was placed seventh out of 22 councils in Wales and performance in 2012-13 places it 12th.
- 189 The number of additional affordable housing units provided during the year as a percentage of all additional housing units provided during the year has improved from 55.4 in 2011-12 to 68.0 in 2012-13 and is better than the Welsh average of 45 per cent. However, in 2011-12, the Council was placed first out of 22 councils in Wales but performance in 2012-13 places it fifth.

Some key street scene performance measures are steadily improving but the Council's relative performance compared with the rest of Wales is mostly declining

- 190 The percentage of reported fly tipping incidents cleared within five working days deteriorated from 100 per cent in 2011-12 to 98.7 in 2012-13. Whilst performance is better than the Welsh average of 92.16 the Council has moved from being placed third out of 22 councils in Wales in 2011-12 to fifth in 2012-13.

- 191 Although the percentage of municipal wastes sent to landfill is steadily improving from 51.7 in 2011-12 to 49.7 in 2012-13, performance is worse than the Welsh average of 41.03 per cent. In 2011-12, the Council was placed 19th out of 22 councils in Wales and performance in 2012-13 places it 21st.
- 192 Although the percentage of municipal waste collected by local authorities and prepared for reuse and/or recycled is steadily improving from 46.4 in 2011-12 to 49.18 in 2012-13 performance is worse than the Welsh average 52.26 per cent. In 2011-12, the Council was placed 14th out of 22 councils in Wales and performance in 2012-13 places it 17th.

Key leisure and culture performance measures reveal a mixed picture in terms of improvement

- 193 The number of visits to local authority sport and leisure centres during the year where the visitor will be participating in physical activity, per 1,000 population, improved from 7,408 in 2011-12 to 7,677 in 2012-13 but is below the Welsh average of 8,864. In 2011-12, the Council was placed 16th out of 22 councils in Wales and performance in 2012-13 places it 15th.
- 194 The number of visits to public libraries during the year, per 1,000 population, deteriorated from 6,288 in 2011-12 to 5,594 in 2012-13 and is below the Welsh average of 5,968. In 2011-12, the Council was placed seventh out of 22 councils in Wales and performance in 2012-13 places it 10th.

Although the Council has made changes to its benefits service these have not resulted in improved performance

195 We reported in our Annual Improvement Report that during 2011-12 the Council made a number of changes to the way in which it administers its benefit service, which it anticipated would deliver improvements in the future. These included enhancing its website to give more benefits information, developing the 'One Stop Shop' facilities and implementing an electronic document management system. Whilst these changes have been implemented, performance has not improved and recent data for 2012 13 shows that performance is still deteriorating:

- processing times for new claims have lengthened from 22 days in 2010-11 to 24 days in 2011-12, to 26 days in the third quarter of 2012-13 – a further deterioration in performance; and
- the average time taken to process change of circumstances notifications in both 2010-11 and 2011-12 was eight days but 14 days in its third quarter for 2012 13, which is a significant deterioration.

