



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report

## Newport City Council

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# About the Auditor General for Wales

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

Together with appointed auditors, the Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Non Jenkins and Jackie Joyce under the direction of Alan Morris.

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# Summary report and recommendations

## Summary

1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national park authorities are planning for improvement in delivering their services. This report sets out the findings of the work undertaken on behalf of the Auditor General by the staff of the Wales Audit Office; and also draws on the work of the relevant Welsh inspectorates. The report covers the delivery and evaluation of services of Newport City Council (the Council) in relation to 2012-13, and its planning of improvement for 2013-14. Taking these into account, the report records the Auditor General's conclusion on whether he believes that the Council will make arrangements to secure continuous improvement for 2014-15.

2 The audit team found that, in 2012-13, the Council made progress in delivering its improvement objectives and its 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. We came to this conclusion because:

- the Council made progress in delivering its 2012-13 improvement objectives;

- performance in relation to key education measures shows that the Council maintains a low-cost system of primary and secondary schools which perform at or above expected levels for most key indicators;
- analysis of key performance measures for social services reveals a mixed picture of performance; and
- analysis of other performance information reveals a mixed picture of improvement.

3 We also found that the Council's evaluation and reporting of performance improved in 2012-13 but governance and data quality arrangements needed to be strengthened. We came to this conclusion because:

- although the Council discharged its improvement reporting duties under the Measure for 2012-13 there is potential to strengthen its arrangements further;
- the Council had 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 Council recognised that it had not managed performance and risk well enough, and is putting some better arrangements in place to drive improvement;

- processes for dealing with data were not consistently applied or embedded across services leading to significant weaknesses in the accuracy of reported data; and
- the Council complied with its responsibilities relating to financial reporting and its use of resources.

4 Finally, we found that, during 2013-14 the Council was at a pivotal point as it began to address longstanding weaknesses in arrangements that underpinned improvement and, with wider ownership and strengthened capacity, it had the potential to achieve the scale and pace of changes required. We came to this conclusion because:

- whilst improvement planning was developing, the Council failed to discharge some of its improvement planning duties under the Measure for 2013-14;
- the Council recognises that its governance arrangements need to be strengthened in some key areas;
- the Council's transformation programme has delivered efficiency savings; but the Council has not exploited the programme to more effectively target resources, support sustainable improvement in services and deliver better outcomes for local citizens; and

- the Council is improving its financial management arrangements.

5 Taking the above into account, we believe that the Council is likely to make arrangements to secure continuous improvement for 2014-15 if it continues to maintain the pace of change.

## Recommendations

- 6 Over the course of our work in 2013-14 we made a number of statutory recommendations. These have previously been published and reported to the Council in the Corporate Assessment Report dated September 2013 and are set out below for information. We will continue to monitor the progress made by the Council in implementing the recommendations as part of future work programmes.

- |    |  |
|----|--|
| R1 | <p>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:</p> <ul style="list-style-type: none"><li>• Options appraisals.</li><li>• The implications of the options, recommendations and decisions.</li><li>• 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.</li></ul>   |
| R2 | <p>The Council should address with more urgency the weaknesses in its governance arrangements that underpin its decision making to support improvement. This would include:</p> <ul style="list-style-type: none"><li>• strengthening committee work programming arrangements to ensure they are timely, meaningful, informative, transparent, balanced, monitored, and joined up;</li><li>• 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;</li><li>• empowering members to be more proactive and accountable for their roles and responsibilities;</li><li>• strengthening decision-making arrangements to ensure transparency and appropriate safeguards are in place;</li><li>• 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 an increased pace of progress and improvement;</li><li>• 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</li><li>• addressing information security and business continuity arrangements.</li></ul> |



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.

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 a 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 the least improvement.

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 is 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.

- 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 the 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.



# Detailed report

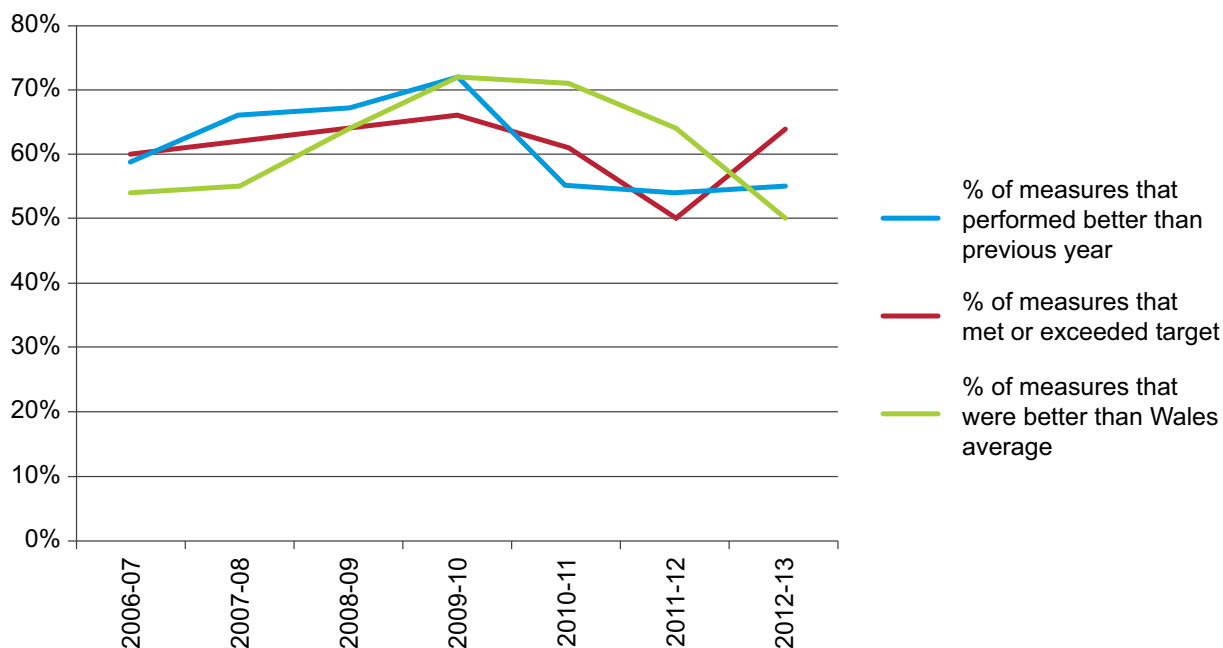
## Introduction

- 7 Under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national park authorities are planning for improvement in delivering their services. [Appendix 1](#) provides more information about the Auditor General's powers and duties under the Measure. This work has been undertaken by the staff of the Wales Audit Office, on behalf of the Auditor General. With help from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (the CSSIW), and the Welsh Language Commissioner we have brought together a picture of what each council or authority in Wales is trying to achieve, how it is going about it, and the progress the Council has made since the Auditor General published his last annual improvement report. The report also draws on the Council's own self-assessment. Finally, taking all this into account, the report records the Auditor General's conclusion on whether the Council is likely to make arrangements to secure continuous improvement for 2014-15.
- 8 We do not undertake a comprehensive annual review of all Council arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge and the findings of prioritised work undertaken this year.
- 9 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- make proposals for improvement – if proposals are made to the Council, we would expect them to do something about them and we will follow up what happens;
  - make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days;
  - conduct a special inspection and publish a report and make recommendations; and
  - recommend to Ministers of the Welsh Government that they intervene in some way.
- 10 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@wao.gov.uk](mailto:info@wao.gov.uk) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

## In 2012-13, the Council made progress in delivering its improvement objectives and its 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

- 11 The Council's own analysis of some 160 performance 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 55 per cent. This is a similar performance to that achieved in 2011-12 when 54 per cent of measures showed an improvement compared with the previous year.
- 12 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 met or exceeded 64 per cent of its targets. This is significantly better than performance in 2011-12 when it met or exceeded 50 per cent of its targets.
- 13 The Council's comparison against the Wales average reveals that 50 per cent of performance measures performed at or better than the Welsh average in 2012-13. This is a significant decline compared with 2011-12 when 64 per cent of indicators performed at or better than the Welsh average.

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



- 14 Analysis of the 44 national strategic indicators and public accountability measures for 2012-13<sup>1</sup> reveals that:
- 13 of the 35 measures (37 per cent) that can be compared with the previous year improved;
  - 18 of the 44 measures 18 (41 per cent) performed better than the Welsh average; and
  - 14 of the 29 national strategic indicators that have targets for 2012-13 14 (48 per cent) met or exceeded the target. The Council's Annual Performance Review 2012-13 contains a different analysis and we will review data quality and data publication as part of our improvement assessment work during 2014-15.

### The Council made progress in delivering its 2012-13 improvement objectives

- 15 In July 2012, the Council published its Improvement Plan<sup>2</sup> which set out its priorities and actions for 2012-13 aligned to its Corporate Plan<sup>3</sup> themes (see Appendix 4 for details):
- Newport is a Caring City
  - Newport is a Fairer City
  - Newport is a Learning and Working City
  - Newport is a Greener and Healthier City
  - Newport is a Safer City

- Newport is supported by an improving and transformed city council

- 16 The Council identified 24 performance measures that it would use to assess delivery of its improvement objectives for 2012-13. An analysis of these performance measures reveals that, of the 16 measures that can be compared with the previous year, 11 (69 per cent) show improvement. Analysis of achievement against target reveals that 16 of the 23 measures (70 per cent) met or exceeded the target the Council set itself in 2012-13.

- 17 Below we provide a brief overview of how well the Council is performing in delivering improvement against these priorities. More detailed information about progress and achievements is provided in the Council's *Annual Performance Review 2012-13* (the Review) which is available on its website<sup>4</sup>. The Review clearly states the Council's view of the progress it has made on delivering its priorities and uses the following categorisation:

- Successful – Actions achieved against plan and expected outcomes for citizens are realised.
- Partially successful – Actions fall marginally short of planned activity and/or some of the expected outcomes for citizens are realised.
- Improvement required - Actions not achieved as planned and expected outcomes for citizens not realised.

1 StatsWales and Local Government Data Unit, Benchmarking Hub.

2 *Delivering A Better Newport Improvement Plan 2012-13*.

3 *Standing Up for Newport Corporate Plan 2012-2017*.

4 <http://www.newport.gov.uk>

- 18 The Council identified five specific objectives in relation to *A Caring City* and a number of discrete activities including: improving the timeliness of occupational therapy assessments, improving home insulation as part of the Welsh Government's Arbed<sup>5</sup> initiative, appoint a Vulnerable and Disabled People's Champion, implementing the Families First Programme and the Gwent Frailty Programme. The Council judged its progress in delivering this improvement objective to be partially successful. The Council used five specific performance measures to assess whether it achieved its objective. Analysis of these measures reveals performance was mixed when comparing with the previous year but more positively the Council met or exceeded the target it set itself in four of the five measures:
- Whilst the time in which adaptations for disabled people are provided improved significantly during 2012-13, from 638 days in 2011-12 to 539 days, the Council remained 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.
  - The Council exceeded its 2012-13 target of improving the thermal efficiency of 800 properties and actually improved 8,424 properties.
  - The percentage of clients aged 65+ supported in the community decreased from 84.4 per cent in 2011-12 to 83.38 per cent in 2012-13. This was slightly worse than the Wales average of 83.47 per cent. In 2011-12 the Council was placed 10th out of the 22 councils in Wales and performance in 2012-13 placed it 12th.<sup>6</sup>
  - The Council sought to measure the reduction in risk within families supported by the Families First programme. The Council states that it achieved a 28 per cent reduction in risk which was well over its target of six per cent in 2012-13. However, our data quality review qualified the measure because of a number of issues including mathematical errors in the data as well as double counting.
  - The percentage of all potentially homeless households for whom homelessness was prevented for at least six months improved from 55.4 per cent in 2011-12 to 61.6 per cent in 2012-13. The Council exceeded its 2012-13 target of 50 per cent. But performance was worse than the Welsh average of 62.6 per cent. In 2011-12 the Council was placed 16th out of the 22 councils in Wales and this was the same in 2012-13.

<sup>5</sup> The programme was established in 2009 to bring environmental, social and economic benefits to Wales and co-ordinate investment into the energy performance of Welsh homes.

<sup>6</sup> Local Government Data Unit, Benchmarking Hub.

19 The Council identified two specific objectives in relation to *A Fairer City* and a number of discrete activities including: establishing a Fairness Commission, a Democratic Services Committee and a Credit Union; developing ward profiles for Alway, Ringland and Lliswerry; and adopting the Local Housing Strategy, Corporate Property Strategy and Strategic Asset Management Plan. The Council judged its progress in delivering this improvement objective to be successful. The Council used three specific performance measures to assess whether it achieved its objective. Analysis of these performance measures reveals that performance in relation to housing benefit deteriorated when compared with the previous year and the Council did not meet its own targets for 2012-13 but it did perform better in terms of affordable housing:

- The percentage of new claims decided within 14 days declined from 88.63 per cent in 2011-12 to 82.8 per cent in 2012-13. The Council did not achieve its own target of 90 per cent. Performance was worse than the Welsh average of 88 per cent in 2012-13 but it should be noted that performance across Wales also declined from 91 per cent in 2011-12 to 88 per cent in 2012-13.
- Accuracy in processing claims declined from 91.93 per cent in 2011-12 to 87.21 per cent in 2012-13. The Council did not achieve its own target of 92.5 per cent. Performance was worse than the Wales average of 94 per cent in 2012-13 but again it should be noted that performance across Wales marginally declined from 95 per cent in 2011-12 to 94 per cent in 2012-13.

- The Council exceeded its target of delivering 65 affordable housing units through the use of its Social Housing Grant. The Council actually delivered 100 units in 2012-13.

20 The Council identified five specific objectives in relation to *A Learning and Working City* and a number of discrete activities including: implementing its Economic Development Strategy; city centre regeneration; developing plans to improve the skills and capacity of Newport's local labour force; improving literacy, numeracy and attendance; improving learning pathways for young people; and implementing its 21st Century Schools Programme. The Council judged its progress in delivering this improvement objective to be successful. The Council used five specific performance measures to assess whether it achieved its objective. Analysis of these performance measures reveals that the Council exceeded its target in four out of five measures:

- The Council increased the number of new businesses it supported through the delivery of grant aid from 48 in 2011-12 to 51 in 2012-13 and exceeded its target of 42.
- Additional funding secured through external bidding was £2,403,757 in 2012-13 which exceeded its target of £1,574,000. However, our data quality review identified a number of issues regarding this measure and we qualified it.
- The number of jobs safeguarded and created in 2012-13 was 323, which fell short of the Council's target of 350.

- Footfall in the city centre decreased from 8,939,472 in 2011-12 to 8,812,347 in 2012-13 but the Council's target of 8,400,000 was exceeded.
- The percentage of year 11 leavers not going on to further education, training or employment improved from 6.7 per cent in 2011-12 to 4.9 in 2012-13. This is above the Wales average of 4.2 per cent and the Council exceeded its own target of 6.5 per cent for 2012-13.
- The number of trees planted to offset carbon footprint was 4,568 in 2011-13, which significantly exceeded the Council's target of 600.
- The percentage of waste reused, recycled and composted was 49.18 per cent in 2012-13. The Council did not meet its own target of 52 per cent and was worse than the Welsh average of 52.26 per cent.

21 The Council identified five specific objectives in relation to *A Greener and Healthier City* and a number of discrete activities including: developing an Integrated Waste Management Strategy; planting trees; developing a draft air quality action plan; management of verges and green areas on principal transport corridors through the Newport Flowers programme; and secured Sewta<sup>7</sup> funding for the bus terminus facility at Market Square. The Council judged its progress in delivering this improvement objective to be partially successful. The Council used five specific performance measures to assess whether it achieved its objective. Analysis of these performance measures reveals:

- The number of visits to local authority sport and leisure centres during the year where the visitor participated in physical activity, per 1,000 population was 7,677 per 1,000 in 2012-13. This performance was below the Welsh average of 8,864 per 1,000 but the Council exceeded its own target of 7,418 per 1,000 in 2012-13.

- The percentage of people with accessible green space improved from 62 per cent in 2011-12 to 66 per cent in 2012-13 but the Council did not meet its target of 78 per cent.
- Although the percentage of reported fly-tipping incidents cleared within five working days deteriorated from 99.95 per cent in 2011-12 to 98.69 in 2012-13, the Council exceeded its own target of 98 per cent. Performance was better than the Welsh average of 92.16 and the Council moved from being placed third out of 22 councils in Wales in 2011-12 to fifth in 2012-13.

22 The Council identified two specific objectives in relation to *A Safer City* and a number of discrete activities including: working in partnership with the police to implement the City Centre Management Plan; developing a regional cohesion plan to tackle extremism; implementing its domestic abuse action plan; and improving highways. The Council judged its progress in delivering this improvement objective to be successful. The Council used two specific performance

<sup>7</sup> South-East Wales Transport Alliance.

measures to assess whether it achieved its objective. Analysis of these performance measures reveals:

- All anti-social behaviour incidents reported to the Council were resolved and this performance exceeded the Council's own target of 60 per cent.
- The percentage of principal roads that are in overall poor condition improved from nine per cent in 2011-12 to 8.8 per cent in 2012-13, which was better than the Welsh average of 13.4 per cent. In 2011-12, the Council was placed eighth out of the 22 councils in Wales, and performance in 2012-13 placed it 10th. However, our data quality review identified a number of issues regarding this measure and qualified it.

- 23 The Council identified five specific objectives in relation to *Newport is supported by an improving and transformed city council* and a number of discrete activities including: implementing its Transformation Programme, People Plan and Customer Service Strategy; and improving performance, risk management and financial planning. The Council judged its progress in delivering this improvement objective to be successful. The Council identified four specific performance measures it would use to assess whether it achieved its objective. Analysis of these performance measures reveals that performance improved compared with 2011-12 and the Council exceeded its target in three of the four measures:

- The percentage of performance indicators above target improved from 53 per cent in 2011-12 to 58 per cent in 2012-13. The Council exceeded its own target of 57 per cent.
- The number of working days/shifts per full time equivalent lost due to sickness absence improved from 10.6 days in 2011-12 to 9.26 days in 2012-13. The Council exceeded its own target of 9.5 days.
- Based on a sample of customers using the Contact Centre and Information Station customer satisfaction improved from 91.8 per cent in 2011-12 to 97.5 per cent in 2012-13 and the Council exceeded its own target of 97 per cent.

**Performance<sup>8</sup> in relation to key education measures shows that the Council maintains a low-cost system of primary and secondary schools which perform at or above expected levels for most key indicators**

- 24 In our Corporate Assessment Report of September 2013 we commented on the performance of key education measures. The main findings are summarised below.
- 25 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.

<sup>8</sup> Analysis based on verified performance data for 2011-12.



- 26 Pupils in Newport schools performed 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. Eleven-year-olds also performed strongly in national curriculum assessments with 86.1 per cent of pupils achieving the key stage 2 core subject indicator. 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.
- 27 Pupils in secondary schools also performed well on most indicators. In 2012, 73.8 per cent of 14-year-old pupils achieved the key stage 3 core subject indicator. Performance against this indicator continued to improve, although the rate of improvement has been slower in recent years. However, more schools in Newport performed well than might be expected when compared with other schools across Wales with similar levels of deprivation.
- 28 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. 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.
- 29 The percentage of Newport learners leaving full-time education without a recognised qualification has risen over the last three years but still compared 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.
- 30 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.
- 31 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.
- 32 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 was worse than the Welsh average of 71.6 per cent.
- 33 The Council is responsible for ensuring an adequate supply of school places in an efficient manner. There were some 2,060 surplus primary school places (15.1 per cent of the total) distributed across the 49 schools.

34 The comparatively low numbers of surplus places and the fact that the Council maintains only three small primary schools contributed to the fact that the Council's net expenditure on education for the 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, is also the lowest of all councils in Wales.

### Analysis of key performance measures for social services reveals a mixed picture of performance

35 Analysis of key performance measures for Adult Services reveals a mixed picture of performance with the Council having the worst performance in Wales in key areas relating to independence. Performance in relation to delayed transfers of care further deteriorated from 5.78 in 2011-12 to 11.84 in 2012-13 which meant that the Council had the worst performance in Wales 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 social work presence at the Royal Gwent Hospital. The rate of older people helped to live at home reduced from 77.48 in 2011-12 to 68.96 in 2012-13, which was below the Welsh average and performance in 2012-13 placed it 12th. The Council is planning to develop additional measures to capture all the services it provides to help older people remain in their

homes. On a positive note, the percentage of adult protection referrals completed where the risk was managed improved from 85.8 in 2011-12 to 90.61 in 2012-13, which placed the Council 16th out of 22 councils in Wales in 2012-13.

36 Many key performance measures for Children's Services deteriorated with just over half performing better than the Welsh average but the Council's relative performance compared with the rest of Wales mostly declined. The number of looked-after children in 2013 was 278. The percentage of looked-after children first placements with a care plan remained high with 100 per cent in 2011-12 and 99 per cent in 2012-13, better than the Welsh average, and in 2011-12 the Council was placed first out of 22 councils in Wales but performance in 2012-13 placed it 10th. The percentage of children looked after who have had three or more placements during the year improved from 9.4 in 2011-12 to 6.8 in 2012-13, better than the Welsh average and placed the Council fourth out of 22 councils in Wales. There were improvements in initial assessments completed in seven days from 79.8 per cent in 2011-12 to 85.8 per cent in 2012-13, better than the Welsh average and performance in 2012-13 placed it seventh. Core assessments completed in a timely manner also improved from 84.9 per cent in 2011-12 to 85.4, better than the Welsh average, placed it first in 2012-13. 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, better than the Welsh average and performance in 2012-13 placed it first.

- 37 The average external qualifications point score for 16-year-old looked-after children in any local authority maintained learning setting deteriorated from 254.9 in 2011-12 to 190.0 in 2012-13, worse than the Welsh average and placed the Council 16th in 2012-13. Despite this performance, no looked-after children left school without any qualifications in 2011-12 or 2012-13. The percentage of initial assessments completed during the year where the child had been seen by the social worker reduced from 73.4 in 2011-12 to 66.9 per cent in 2012-13, which was worse than the Welsh average and performance in 2012-13 placed it 21st.
- 38 The CSSIW<sup>9</sup> published its *Annual Review and Evaluation of Performance for 2012-2013* for the Social Services Department in Newport in October 2013. The evaluation report sets out the key areas of progress as well as areas for further improvement. The report can be found on the CSSIW website: <http://cssiw.org.uk>
- 39 The following paragraphs are taken from the report.
- ‘Newport City Council has been moving through a period of significant change with new appointments (some interim) at the highest levels in the organisation. This provides both opportunities for fresh thinking but also creates risks. The council has taken bold and innovative decisions in relation to children’s services in recent years particularly in developing third sector involvement with Barnardo’s. It will be important to critically anticipate and mitigate risks, evaluate outcomes and ensure the services deliver safe and reliable care.’
  - ‘The council has taken a proactive approach to engaging and working with the third sector. Its relationship with the health board is challenging in some areas of service delivery. Given the financial pressures, the council rightly needs to be convinced of the costs and benefits of any arrangements it enters into.’
  - Adult Services – ‘The budget for adult services was overspent in 2012/13. In general, the council provides reasonable care and support, however, senior managers are now questioning the value of some of the legacy arrangements. This is particularly so in relation to its commitment to the Gwent Frailty programme and the quality premiums paid for care home placements, both of which are proving expensive. Working with health is proving challenging. This is reflected by the high and increasing number of delays in transfers of care from hospital which suggests that care pathways and interagency working are not optimised. There are also pressures with the amount of available residential placements in the area. This requires careful review. Capacity to deliver adult services may be an issue. In 2012/13, the council did not review care plans as it should and therefore cannot be assured that people are receiving services that remain appropriate to their needs, or that resources are being managed effectively.’

9 Care and Social Services Inspectorate Wales.

- Children's Services – 'Performance in children's services is mixed. Whilst some performance indicators are positive, others suggest significant risk, in particular high staff turnover, less initial assessments being undertaken, the high and increasing re-referral rate, the low numbers of children seen alone as part of initial assessments and the delays in convening core group meetings. There is clear evidence of a broad range of preventative services the council has developed in conjunction with Barnardo's and that these are having a positive impact for people. Although a number of targets are being met and improved upon, CSSIW has had concerns about the quality of decision making in some instances. The continuing high turnover of frontline childcare staff is resulting in the loss of experienced staff and managers and the consequent greater proportion of less experienced staff managing caseloads and incoming referrals is likely to present an area of risk. As noted, the council has a high and increasing re-referral rate. Although a review has taken place, this pattern needs to be properly understood and the reasons behind it to ensure that the correct thresholds are being applied. The council has contained pressures for children to become looked after and not experienced the increases experienced elsewhere across Wales.'
- 40 In terms of good practice CSSIW 'previously recognised the partnership with the third sector in broadening the range of preventative services available to families and the work of the Serennu Centre in supporting disabled children and their families'. CSSIW also identified as good practice: 'Referrals for homeless young people are passing directly to the 16 plus team without passing through duty. This means young people get early access to people who understand their needs and the resources available.'
- 41 The CSSIW identified the following potential risks:

  - 'Financial pressures in adult services and the challenge of collaboration with health.'
  - The leadership changes and temporary appointment of the statutory strategic director, people and integrated head of children's services. This may present a challenge to strong and consistent governance.
  - The appointment of the integrated head of children's services with Barnardo's. Whilst this high level of integration with the third sector is clearly innovative and provides opportunities, there are potential risks including conflicts of interest.
  - Continued high staff turnover in children's services and an imbalance of newly qualified social workers impacting on morale and shortages in skills.

- Response to incoming referrals. A number of indicators suggest potential risk. In particular high re-referral rates suggest decision making processes and thresholds on assessment may not be correct.'

42 The CSSIW also states 'in general there has been progress on the areas identified last year'. For example, staff are positive about the progress in relation to transition into adult services achieved by the appointment of a dedicated transitions worker in the disabled children's team and the 16 plus team has developed a Department for Work and Pensions' funded course for young people to improve their prospects of training or employment.

43 As part of our 2013-14 regulatory programme, we will be undertaking a review to assess the sustainability of Social Services across Gwent. This review will be carried out in conjunction with CSSIW.

## Analysis of other performance information reveals a mixed picture of improvement

### **The Council's performance in the administration of Housing Benefit was mixed and there was a further decline in the speed of processing claims**

44 We reported in our last Annual Improvement Report (March 2013) that the Council has made a number of changes to the way in which it delivers housing benefits but these have not yet resulted in service improvements. During 2011-12 the Council made a number of changes including 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 taken place performance on two key indicators has not improved:

- Processing times for new claims have lengthened from 22 days in 2010-11 to 24 days in 2011-12. This is longer than the Welsh average of 20 days. Performance has further deteriorated in the first two quarters of 2012-13. This remains an area of focus for the Council and one we will continue to monitor.
- The average time taken to process change of circumstances notifications during 2011-12 was eight days. This is the same performance as in the previous year and is longer than the Welsh average of seven days.

45 The number of people in Newport claiming Housing and Council Tax Benefit during 2012-13 marginally increased from 17,400 claimants in May 2012 to 17,524 claimants in February 2013. This increase is not in line with the national trend which saw an average decrease across Wales of three per cent.

46 Despite the marginal increase in caseload it is disappointing to note that despite changes made to the service during 2011-12 processing times have deteriorated for the second year in a row.

- The average time taken to process new claims by the Council declined again increasing from 24 days in 2011-12 to 28 days in 2012-13. This was significantly worse than the Welsh average of 20 days in 2012-13.
- The average time taken by the Council to process change in circumstances has declined from eight days in 2011-12 to 10 days in 2012-13. This was significantly worse than the Welsh average of six days in 2012-13.

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

47 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.

48 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. The Council also reintroduced its Strategic Asset Management Group and work is progressing on reviewing all assets to determine their future needs and usage.

49 The Council also centralised maintenance budgets and now manages works as a corporate programme enabling the Council to maximise the impact of its expenditure.



The Council developed a five-year rolling programme of property condition surveys and completed 78 per cent of its year one survey programme during 2012-13. However, the Council did not have a long-term capital strategy for all its assets and at the time of reporting it did not have resources available to fully address asbestos in its properties. It needs to manage this risk carefully to ensure that it fully complies with the Control of Asbestos Regulation 2012.

- 50 The Council was also developing a better range of performance measures which would enable it to evaluate the effectiveness of its Property Services team. For example, the Council was working with the Norfolk Group to consider options for outsourcing its blue collar Property Services function to reduce cost. Whilst we found positive progress, the Council was still not using performance data to effectively support service improvement. For example, key performance data was not included in the service improvement plan and current measures to judge success and improvement are inadequate.

**The Council's 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**

- 51 In early 2013, we reviewed the Council's approach to neighbourhood working and found that neighbourhood working in Newport lacked clear strategic leadership and direction, and fundamental decisions

needed to be taken if faster progress is to be made. We came to this conclusion because the neighbourhood working project lacked clear strategic leadership and direction and its importance to the Council is unclear; progress in implementing the project is slow and lacks momentum; and fundamental decisions are still to be made about how to take the project forward and what it aims to achieve.

- 52 Since we undertook the fieldwork for our review of neighbourhood working in February 2013 there have been a number of changes to the arrangements including:
- Structural changes to the Local Service Board (LSB).
  - The appointment of a full time co-ordinator.
  - Improved engagement of key partners.
  - Using the Unified Needs Assessment to take a more robust, evidence-based approach to planning and priority setting.
  - Developing detailed ward profiles with the aim of better targeting and differentiating service provision across the city.
  - Adopting an improved performance management framework but it was not yet being used effectively to inform planning or decision making.
  - The development of the Single Integrated Plan, which sets out the LSB's high-level priorities. However, timing issues that have meant integrating the



Single Integrated Plan into the Council's corporate planning and service business planning for 2013-14 has been difficult. The Council hopes that this integration will take place over the next year.

- 53 Whilst progress has been made with arrangements, nothing has changed for communities in the neighbourhood working pilot areas.

**The Council made progress in addressing our proposals for improvement in relation to waste management and recognised the challenges it faces to meet future targets**

- 54 In October 2011 we undertook a review of the Council's waste services and concluded that they were improving steadily and we made a number of proposals for improvement.
- 55 In late 2013 we reviewed the Council's progress in addressing our proposals for improvement and found that the Council had continued to make progress in a number of areas. It had approved its Sustainable Waste Plan, however, the Plan is difficult to locate on the website and its waste webpages contain an out-of-date Waste Management Strategy. The Council used a variety of initiatives to raise awareness including social media, several community events and competitions in the magazine *Newport Matters*<sup>10</sup>.

- 56 At the time of our review the Council was designing a new recycling leaflet and had commissioned Wastesavers to undertake a survey of food waste recycling. The Council had also secured the Welsh Government's Collaborative Change Programme funding to market waste services during 2013-14. Although the decision about developing new household amenity and bring sites was not formally recorded the Council did decide 'that as Newport is a relatively compact authority, resources are better directed to providing one highly productive site. This is in line with WRAP<sup>11</sup> and NACAS<sup>12</sup> recommendations that one site per 143,750 residents a throughput of 17,250 tonnes is adequate.'

- 57 The Welsh Government has targets for local authorities to achieve a recycling target of 70 per cent by 2024-25 that combines preparing waste for recycling, re-use and composting. There are also intermediate targets for preparing for recycling, re-use and composting of 52 per cent in 2012-13, 58 per cent in 2015-16 and 64 per cent in 2019-20. The Council did not achieve the intermediate target of 52 per cent in 2012-13 and also used 99.9<sup>13</sup> per cent of its Landfill Allowance Scheme allowance<sup>14</sup>.

10 *Newport Matters* a residents' newspaper is distributed to homes and businesses across the city 10 times a year.

11 WRAP works in England, Scotland, Wales and Northern Ireland to help businesses, local authorities, communities and individuals reap the benefits of reducing waste, developing sustainable products and using resources in an efficient way. WRAP is backed by government funding from Defra (Department for the Environment, Food and Rural Affairs), the Scottish Government, the Welsh Government, the Northern Ireland Executive, and the European Union.

12 National assessment of civic amenity sites – provides a comprehensive Best Practice Guide to improving diversion rates at Civic Amenity sites.

13 Natural Resources Wales, Report on the Landfill Allowances Scheme (LAS) Wales 2012/13, August 2013.

14 Landfill Allowances Scheme (LAS) in Wales. The purpose of the scheme is to ensure diversion of biodegradable municipal waste (BMW) from landfill. This is done by setting limits on the amount of BMW waste that local authorities in Wales can landfill.

58 Prosiect Gwyrdd<sup>15</sup> continues to progress and in February 2014 each partner council approved Viridor as the preferred bidder for the 25-year contract. The Welsh Government has approved the final business case and approved its funding contribution of some £4 million each year for the duration of the contract. The partnership is working with Viridor and aims to sign contracts in the autumn of 2014.

59 The Council recognises the challenges it faces regarding waste and has included recycling and waste management in its corporate risk register. It also has the following improvement objective in its Improvement Plan 2013-14: 'Reducing the amount of waste produced, together with increasing the levels of waste recycled and/or composted, will significantly improve our ability to meet Welsh Government targets, avoid penalties and most importantly, help contribute to protecting finite resources.' Our review of progress against proposals for improvement concluded that there will be no further Wales Audit Office action at this time.

**The Council has planned its Welsh language provision in the Information Station but its website and staff training need to be improved**

60 The role of the Welsh Language Commissioner was created by the Welsh Language (Wales) Measure 2011. It is expected that new powers to impose standards on organisations will come into force through subordinate legislation by the end of 2014. Until that time, the Commissioner will continue to review Welsh

language schemes by virtue of powers inherited under the Welsh Language Act 1993.

61 The Commissioner works with all local authorities in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of local authorities to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every local authority is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required. The Commissioner's comments in relation to Newport are as follows.

62 'The Authority has planned its Welsh language provision in the Information Station, a public service centre in Newport. The signage, queuing system and tannoy announcements are bilingual. Despite this, the percentage of customer service staff with higher level Welsh language skills is low and the Welsh language is not considered an essential skill for those posts. It was also reported that no members of staff have received Welsh language training or language awareness training during 2012/13. With the current restrictions on recruitment, improving skills through training is increasingly important and the Council will need to address deficiencies in the year to come. Finally, the Council has committed to providing a bilingual website by summer 2014.'

<sup>15</sup> Prosiect Gwyrdd is a partnership between five councils (Caerphilly, Cardiff, Monmouthshire, Newport, and the Vale of Glamorgan) that aims to look for the best environmental, cost-effective and practical solution for waste after recycling and composting have been maximised in each council area.

## The Council's evaluation and reporting of its performance improved in 2012-13 but governance and data quality arrangements needed to be strengthened

Although the Council discharged its improvement reporting duties under the Measure for 2012-13 there is potential to strengthen its arrangements further

- 63 The Council published an assessment of its performance during 2012-13 in its *Annual Review of the 12/13 Improvement Plan* (the Review) before 31 October 2013, in line with statutory requirements. The Review plus a summary is available on the Council's website and hardcopies were distributed to the main Council buildings with public access. However, the Welsh language version was made available several weeks after publishing the English version.
- 64 The Council sought to address many of the proposals for improving its Review that we previously raised in the Improvement Assessment Letter of December 2012. For example, the Review clearly evaluated the Council's success in achieving its improvement objectives and expressed its view clearly, and citizens were able to provide feedback and make comments on the Review.
- 65 We identified a number of areas where the Council can further improve the Review. These included ensuring that future evaluations are subject to appropriate officer/Member governance arrangements and that data used in the Review is correctly stated and consistent with the data that the

Council reports to the Welsh Government. The Council should also consider using a broader range of performance measures and comparative information as well as information from peer reviews, scrutiny assessments, benchmarking data and other more qualitative information such as customer satisfaction to more effectively evaluate its performance and report more comprehensively on improvement. Including information on the benefits of collaborative activity would enable the Council to measure, evaluate and report more transparently on the benefits achieved through collaborative activities. The Council could improve accessibility of the report by providing information on how to request alternative formats and providing Welsh language versions of the Review at the time of publishing English versions.

- 66 The CSSIW in its *Annual Review and Evaluation of Performance of 2012-13* concluded that 'The director's annual report to the council is well structured and detailed. It presents a confident view of effectiveness and innovation in relation to children's services. The director acknowledges challenges in relation to adult services and budget pressures. This evaluation recognises the issues raised by the director and places emphasis on these, along with additional issues that are considered to be salient for Newport Social Services.'

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

- 67 We carried out a Corporate Assessment during 2013-14 and the Report can be found on our website<sup>16</sup>. We found that the new Chief Executive had started to introduce a new ethos of accountability. Senior officers felt that delegated responsibilities and lines of accountability were becoming clearer and this meant that they were held to account for, and appraised on, performance more effectively. Staff were clearer that weak performance and complacency will be addressed.
- 68 Members were 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. Information presented to members was not always timely, comprehensive or balanced enough to support effective decision making or scrutiny.
- 69 Although the Council had information governance policies, protocols and training in place to deal with information handling and management issues, compliance with them was inconsistent. 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. Longstanding

weaknesses remain in its arrangements to ensure that important information can continue to be available in the event of a disaster.

- 70 The ability of members and officers to undertake their roles effectively was undermined by an out-of-date and incomplete constitution, and a lack of clarity and understanding of roles and responsibilities. The constitution had been reviewed on a piecemeal basis and the Council recognised that it now needed to be reviewed, updated, and aligned with the new modular constitution currently being finalised across Wales. Confusion existed amongst members and officers in relation to the roles of a number of elements of the Council's governance arrangements and how they related to each other, for example, the roles of Council; Cabinet; individual Cabinet members; officers; scrutiny committees, chairs, members and policy review groups; Performance Board; Audit Committee; Fairness Commission<sup>17</sup>; and Appointments Panel.
- 71 Cabinet members have delegated decision-making powers and responsibilities but it was unclear how they are appraised or held to account for their performance and portfolio responsibilities. The role of Cabinet members in relation to scrutiny was not clear, well understood or always adhered to. Whilst relationships between Cabinet members and senior officers were developing, there were no transparent safeguards in place for occasions where professional advice and political leadership were in conflict. Some decisions to not

<sup>16</sup> <https://www.wao.gov.uk>

<sup>17</sup> 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.

take a decision had 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 Council also recognised that decision making, governance and scrutiny of partnerships and collaborations needed reviewing and strengthening.

72 In 2012-13 we undertook a Wales-wide study exploring the extent to which challenge and scrutiny were operating effectively in local government. The study provided councils with a baseline to assess and demonstrate their scrutiny improvement journey over the next five years and take stock of their improvement journey to date. It also involved real-time shared activity and working together, self-evaluation, and peer learning exchange opportunities. The focus was upon gaining insight and supporting and developing sustainable continuous improvement, not just on providing assurance.

73 Newport's action plan in response to the study's findings was approved by Council as part of the Scrutiny Annual Report for 2012-13 and established a Scrutiny Improvement Group in September 2013 to drive forward this work. As part of our ongoing assessment work we will be reviewing progress on the action plan periodically.

### The Council recognised that it had not managed performance and risk well enough, and was putting some better arrangements in place to drive improvement

74 At the time of our Corporate Assessment in 2013, the Council did not have a strong performance culture but it had begun to address this longstanding weakness. The Council is continuing to work hard to improve its performance management arrangements and it has addressed the proposals for improvement in our December 2012 Improvement Assessment Letter. For example, it has clarified the strategic responsibilities for performance management within its new management structure and is continuing to develop its approach to ensure that it has more joined-up, coherent and robust corporate arrangements to manage, report, evaluate and improve performance.

75 Performance management arrangements are beginning to improve and be more co-ordinated, for example:

- The production of the Council's Annual Performance Review was the output from quarterly Cabinet and Scrutiny monitoring and reporting processes. We found that there was a clear process for amending Improvement Objective performance targets.

- In February 2013 the Council introduced a mechanism for managing and reporting regulator proposals for improvement and recommendations. Progress updates are now reported on a quarterly basis to Cabinet and updates also reported to Audit Committee.
- There is now a dashboard that is regularly reported to the Senior Leadership Team and there is a designated performance item at Corporate Management Team meetings.

76 When we undertook our Corporate Assessment, we found that risk management was weak. The Council recognised the importance of managing risk and a corporate risk register with supporting guidance has been developed. 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.

77 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.

### Processes for dealing with data were not consistently applied or embedded across services leading to significant weaknesses in the accuracy of reported data

78 Every council needs to have good information and use it well if it is to provide good services and make them even better. We audited the data systems supporting six performance measures used by the Council. Two of these measures were National Strategic Indicators (NSIs), one was a Public Accountability Measure (PAM) and three were local performance measures. The measures related to the Council's improvement objectives and priorities.

79 Our assessment of a sample of the Council's performance measures and operational data systems concluded that the processes for dealing with data are not consistently applied or embedded across services, leading to significant weaknesses in the accuracy of reported data. Four of the six measures we audited were qualified<sup>18</sup>. In addition, we had reservations about the robustness of data sourced nationally by the Welsh Government for two NSIs and, therefore, decided to universally qualify these indicators for 2012-13:

- SCA/001 – the rate of delayed transfers of care for social care reasons per 1,000 population aged 75 or over; and
- PLA/006b – the number of additional affordable housing units provided during the year as a percentage of all additional housing units provided during the year.

<sup>18</sup> NSI EDU/015a, PAM THS/012, Local measure – RRS/006 and Local measure – Families First Risk Reduction.



- 80 Since our audit the Council has reviewed its arrangements and is addressing our proposals for improvement, for example, ensuring performance measure definitions are described consistently and accurately.
- 81 CSSIW in its *Annual Review and Evaluation of Performance of 2012-13* also comments on data quality: 'Performance data for initial assessments indicates good completion within timescales. However, in one third of assessments completed, the social worker has not seen the child. This is an increase on the previous year and is greater than the Welsh average. Social workers and senior management have queried this statistic. A quality audit undertaken leads the local authority to believe there may be problems with recording practice and data collection. The leadership team will need to be satisfied that sufficient, and sufficiently thorough, initial assessments are taking place.'

### The Council complied with its responsibilities relating to financial reporting and its use of resources

- 82 The auditor appointed by the Auditor General recently gave his opinion on the Council's accounts and based on this the Appointed Auditor's view is that the financial statements were materially accurate and properly prepared. [Appendix 3](#) gives more detail.



During 2013-14 the Council was at a pivotal point as it began to address longstanding weaknesses in arrangements that underpinned improvement and, with wider ownership and strengthened capacity, it had the potential to achieve the scale and pace of changes required

- 83 Our Corporate Assessment 2013-14 concluded that 'the Council was 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 changes required'.
- 84 The Council adopted a new overall mission statement, 'Improving People's Lives' and a Prospectus for Change which sets out, at a high level, what the Council wants to achieve by 2017. The Council is implementing its two strategic programmes – Change and Efficiency – which are being used to drive the Medium Term Financial Plan and the budget for 2014-15. The Council is committed to ensure that service delivery drives the budget setting process and not the other way round and recognises that it will take a year or so to fully embed. The Chief Executive was beginning to create the culture, conditions and strategic direction to deliver it.
- 85 The Chief Executive established his Senior Leadership Team, supported by a wider Corporate Management Team including all heads of service. He had started to develop broader ownership of a stronger improvement culture within the Council and amongst its partners, stakeholders and the wider business community. The Council was now becoming more self-aware of the problems and challenges it faces and was prepared to enter into constructive dialogue with partners about how to address its priority issues. We saw an emerging culture of empowerment and a recognition of the people and skills that the Council needs to effect change and improvement. We also noted 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.
- 86 Whilst it was encouraging to see a more positive culture and clear commitment to change and improvement, we had 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 was improving, the Council recognised 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.
- 87 The Council recognised that it had not managed its resources well enough to support the delivery of its planned improvements in 2012-13. Our Corporate Assessment identified that strategic financial planning was weak and was a barrier to its ability to explore, appraise and deliver its options to improve services. Since our report the Council has sought to address our concerns by producing an updated Medium Term Financial Plan which is more detailed and robust than previous versions. The Council has also made it much easier to track the delivery of savings and changes to budgets arising out of changes in demand for services.

88 Our Corporate Assessment also found that underdeveloped and inconsistent arrangements to manage and utilise its workforce were hindering the Council from effectively planning and delivering improvement. The Council recognises many of the issues and is currently seeking to address them through its Change and Efficiency Programmes. We will be undertaking a review of the HR function in 2014 to assess the progress made.

89 Progress on improving information technology was slow and weaknesses remained that hinder the Council from achieving greater business benefits and more efficient service delivery. We found that the Council had some plans in place for using technology but they were not supported by a robust delivery and funding programme or effective evaluation arrangements to ensure technology is sustainable. Whilst the Council was using technology to deliver efficiencies and change it was not fully exploiting technology and the pace of change was slow in some areas. It was also not effectively monitoring and reviewing the impact of and benefits arising from technology.

### Whilst improvement planning was developing, the Council failed to discharge some of its improvement planning duties under the Measure for 2013-14

90 The Council developed a clearer Improvement Plan for 2013-14, which had 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.

91 However, the Council failed to discharge some of its improvement planning duties under the Measure for 2013-14 as it did not publish its Improvement Plan for 2013-14 within a reasonable timescale. The Council was also slow to publish its Improvement Plan for 2012-13. 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 in the previous year, publishing in July of 2013 was again too late in our view.

92 In addition, it is not clear how the improvement objectives were 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.

93 On a positive note the Council has sought to address the weaknesses we identified in 2013 and has:

- adopted a more timely approach to developing, consulting and scrutinising its improvement objectives for 2014-15;
- undertaken a thorough analysis of national performance information to understand its comparative performance and position amongst other Welsh councils and importantly is using this to learn from the top-performing councils and also the most improving councils; and
- engaged with the Fairness Commission<sup>19</sup> to inform its improvement objectives for 2014-15.

### The Council recognises that its governance arrangements need to be strengthened in some key areas

94 Since 2010-11, local authorities have been required to prepare an annual governance statement. This statement should encompass a review of internal control and the wider governance framework. In 2012-13 the Auditor General undertook an improvement study to evaluate the effectiveness of authorities' reviews of governance. This was with a view to identifying how they can be improved to give assurance that they are reliable mechanisms of self-evaluation. The study focused on identifying learning points for authorities. The study sought to answer the question: In producing its Annual Governance Statement, has the Council evaluated the effectiveness of its governance arrangements comprehensively and thoroughly?

95 We found that the Annual Governance Statement reflected the key elements identified within the CIPFA<sup>20</sup>/SOLACE<sup>21</sup> framework, although it could be strengthened in a number of key areas. The Council intends to take on board the issues that we identified and make the following improvements to its process for preparing the statement:

- ensuring there is more input from the Management Team and other senior officers by increasing the involvement of heads of service and reporting the statement to the Senior Leadership team for approval;

<sup>19</sup> 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.

<sup>20</sup> Chartered Institute of Public Finance and Accountancy.

<sup>21</sup> Society of Local Authority Chief Executives.

- widening responsibility so that there is not too much reliance on input from a limited number of Council officers and in particular, Internal Audit;
- introducing more 'self-assessment' that should focus on areas of weakness;
- taking an early draft of the statement to the Audit Committee for comment: and
- incorporating a wider range of issues such as those identified in the Medium Term Financial Plan and including the arrangements covering partnerships and collaboration.

**The Council's transformation programme has delivered efficiency savings; but the Council has not exploited the programme to more effectively target resources, support sustainable improvement in services and deliver better outcomes for local citizens**

- 96 In 2013, we undertook a review across Gwent councils<sup>22</sup> considering how well the councils were managing with less resource. Newport had a specific transformation programme which we reviewed.
- 97 In terms of the Council's approach to delivering and managing its transformation programme our review found that the Council secured savings through its transformation programme but it was difficult to verify the total savings achieved to date. The transformation programme was not being used to drive service improvement and the Council has not consistently

monitored its impact on service quality, user experience or whether it is achieving better value for money for local citizens. Also, despite reviewing the purpose of the programme in 2012, the Council had not set a clear strategic vision or specific aims that describe what the programme is trying to achieve or the difference it wants to make to the lives of Newport citizens.

- 98 It is positive to report that having learnt the lessons from the Council's transformation programme, the Chief Executive has now developed stronger governance and project management arrangements for the Council's new efficiency and change programmes.

**The Council is improving its financial management arrangements**

- 99 The Chancellor of the Exchequer announced the 2010 spending review to Parliament on 20 October 2010. This formed a central part of the coalition government's response to reducing the national deficit, with the intention of bringing public finances into balance. These savings represent the largest reduction in public spending since the 1920s and come at a time when demographic changes and recession-based economic pressures are increasing demand for some services. To effectively plan finances, authorities should analyse details of financial trends, appropriate benchmarking information, possible scenarios and their likely impact over the short, medium and long term. The current financial climate and the recent tough settlement for local government mean that good financial planning is critical to sustaining financial resilience.

<sup>22</sup> Blaenau Gwent, Caerphilly and Torfaen County Borough Councils and Monmouthshire County Council.

- 100 The Council has continued to set and manage its annual budgets without drawing on its general fund balance, which currently stands at £5 million. However, the scale of the financial challenges being faced is not abating following fundamental changes to the financial climate.
- Efficiency Programme £4.4 million
  - Change Programme £3.7 million
- 101 Compared to 2012-13, the Council received an increase, albeit below inflation, in its 2014-15 revenue support grant (RSG) allocation from the Welsh Government. Subsequently, the Council set a balanced budget for 2014-15 which includes a 4.5 per cent increase in council tax. At the same time as approving its budget the Council also agreed the following:
- the proposed fees and charges for 2014-15;
  - the implementation of the full four-year budget investments and savings options contained in the Medium Term Financial Plan (MTFP); and
  - the Council's four-year capital programme.
- 102 The budget report to the Council set out some £17.5 million of budget pressures including inflationary pressures, Capital spending proposals, social care demand changes and the implementation of the 'living wage'. These were offset by the increase in the RSG settlement of (some £5.8 million) and the projected increase in council tax income (some £3.9 million). The balance of the shortfall will come from the savings proposals included in the MTFP as follows:
- 103 The Council's budget for 2014-15 is also based on maintaining the level of general fund balances and a 'contingency' fund of £2 million to cover unforeseen issues.
- 104 The Council's current projections for the 2013-14 outturn is that it will return a small surplus without recourse to using its contingency provision. Consequently, it is likely that some £2 million will be allocated to reserves as support for future financial pressures and to invest in future 'spend to save' initiatives.
- 105 The increasing financial challenges put significant pressure on both officers and members alike. Despite this, we are reasonably confident that the Council is taking the right steps to ensure that it continues to manage its financial position robustly and responsibly. We will continue to monitor how the Council develops its detailed proposals to manage its financial position.
- 106 In addition to our ongoing work, the Auditor General is currently examining authorities' financial health, their approach to budgeting and delivering on required savings, to provide assurance that authorities are financially resilient. This work will consider whether authorities have robust approaches in place to manage the budget reductions that they are facing to secure a stable financial position that enable them to continue to operate for the foreseeable future. The focus of the work is on the

2014-15 financial planning period and the delivery of 2013-14 budgets. This review will be completed early in 2014-15 and we will publish the findings in our next cycle of improvement assessment work.

The Council is likely to make arrangements to secure continuous improvement for 2014-15 if it continues to maintain the pace of change

- 107 Based on the conclusions outlined in the previous sections of this report the Auditor General for Wales believes that Newport City Council is likely to meet the requirements of the Measure in making arrangements to secure continuous improvement.



# Appendices

## Appendix 1 Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national park authorities, and fire and rescue authorities.

This report has been produced by the staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority's track record of improvement. The Auditor General will summarise his audit and assessment work in a published Annual Improvement Report for each authority (under section 24).

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

## Appendix 2

### Useful information about Newport and Newport City Council

#### The Council

The Council spends approximately £325 million per year (2013-14). This equates to about £2,226 per resident. In the same year, the Council also spent £50.6 million on capital items.

The average band D council tax in 2012-13 for the Council was £1,023 per year. This has increased by 3.3 per cent to £1,057 per year for 2013-14. Nearly 76 per cent of Newport's housing is in council tax bands A to D.

The Council is made up of 50 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

- 10 Conservatives
- 2 Independent
- 37 Labour
- One Welsh Liberal Democrat

The Council's Chief Executive is Will Godfrey. Strategic Director – People: Mike Nicholson; Strategic Director – Place: Sheila Davies.

#### Other information

The Assembly Members for Newport are:

- Rosemary Butler, (Labour) Newport West
- John Griffiths, (Labour), Newport East

The Regional Assembly Members are:

- Mohammad Asghar, South Wales East
- Jocelyn Davies, South Wales East
- Lindsay Whittle, South Wales East
- William Graham, South Wales East

The Members of Parliament for Newport are:

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

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

## Appendix 3

### Annual Audit Letter

Councillor R Bright  
Leader of the Council and Chair of Cabinet  
Newport City Council  
Council Offices Civic Centre  
Newport  
South Wales  
NP20 4UR

Dear Councillor Bright

#### Annual Audit Letter

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

#### The Council complied with its responsibilities relating to financial reporting and its use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the propriety and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

On 25 September 2013 I issued an unqualified audit opinion on the accounting statements confirming that they presented a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on 19 September 2013 (see summary below) and in recent weeks I have since issued a more detailed report of the issues arising (Accounting Statements Memorandum).

#### Exhibit 1 – Significant issues arising from the audit

Reporting requirement	Audit Findings
Uncorrected misstatements	<p>I reported the following uncorrected misstatements that were included in the financial statements:</p> <ul style="list-style-type: none"> <li>• Creditors were overstated by £217,000 as the Council had incorrectly accounted for IT equipment that it had purchased as the goods had not been received until after the end of the financial year.</li> <li>• The Council does not correctly account for its share of 'jointly controlled' operations as they are excluded from its income and expenditure statements but included in a note to the accounts instead. This does not conform to the requirements of the Audit Code of Practice.</li> </ul>
Corrected misstatements	<p>There were a number of misstatements arising out of our audit that were corrected by management.</p>
Other significant issues arising from the audit	<p>Although there were improvements compared to last year, with better (and electronic) working papers, we have some concerns about the qualitative aspects of the Council's accounting practices and financial reporting. We feel that there is scope to improve further by having a more robust management review of the draft accounts before they are presented for audit.</p> <p>A significant prior year adjustment (circa £18m) was made to the accounts after the Council identified a 'historical' error in its apportionment of land and buildings. This took some time to resolve during our audit.</p> <p>We received information in a timely and helpful manner and were not restricted in our work. The effective working arrangements that have been developed with finance staff have continued for a further year.</p>

During the course of the year there have been no formal challenge or objection issues that I have had to deal with. However, as in past years, I received correspondence from members of the public making various allegations about the way that the Council was being managed which I had to consider. I am currently completing work on my audit of all the Council's grant claims as well as a key review of financial standing and the proposals for the Friars Walk city centre re-development scheme. Any issues arising out of these areas of my work will be reported to you separately.

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts, as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. Overall, I am satisfied that the Council has appropriate arrangements in place. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

I issued a certificate confirming that the audit of the accounts had been completed on 11 October 2013.

I would like to express my appreciation to all the Council staff that assisted with the completion of my audit.

Yours sincerely

**Terry Jones**

For and on behalf of the Appointed Auditor  
30 November 2013

cc Will Godfrey, Chief Executive  
Chris Barton, Head of Finance (Section 151 Officer)

## Appendix 4

### Newport City Council improvement objectives and self-assessment

#### The Council's improvement objectives

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

The Council published its improvement objectives for 2013-14 in its Annual Improvement Plan for 2013-2014 which can be found on the Council's website at <http://www.newport.gov.uk>

They are:

2012-2013 Improvement Objectives	2013-2014 Improvement Objectives
<p><b>Newport is a Caring City</b></p> <ul style="list-style-type: none"> <li>To support service users by providing services that meet their eligibility needs.</li> <li>To support more people to live independent lives.</li> <li>To support the Families First programme and ensure that support is provided in a timely and effective manner.</li> <li>To reduce incidents of homelessness by targeting activities.</li> <li>To raise awareness with householders of funding and support available to them to make their homes more energy efficient and to reduce their fuel bills.</li> </ul>	<p><b>Newport is a Caring City</b></p> <p><b>1. Disabled Facilities Grants (DFGs)</b></p> <p>To provide an enhanced programme of Disabled Facilities Grants with the aim of reducing average delivery time from first date of contact.</p> <p><b>2. Telecare</b></p> <p>The Telecare Service, in combination with other care and support services, will enable frail, disabled and vulnerable people to live as independently as possible whilst reducing risk.</p>
<p><b>Newport is a Fairer City</b></p> <ul style="list-style-type: none"> <li>To ensure families and vulnerable people are maximising their income by receiving the benefits to which they are entitled.</li> <li>To ensure the range and quality of housing is appropriate to meet people's needs.</li> </ul>	<p><b>Newport is a Fairer City</b></p> <p><b>3. Community Insight</b></p> <p>Customer Insight can be defined as a deep understanding of the needs, behaviours and motivations of customers. Developing this understanding will allow us to design services around the needs of customers and be more targeted in their delivery.</p> <p><b>4. Corporate Parenting Strategy</b></p> <p>The Corporate Parenting Strategy represents a more holistic and integrated approach to securing better outcomes for Looked After Children.</p>

2012-2013 Improvement Objectives	2013-2014 Improvement Objectives
<p><b>Newport is a Learning and Working City</b></p> <ul style="list-style-type: none"> <li>• To increase the number of businesses supported through the delivery of grant aid.</li> <li>• To increase inward investment in Newport.</li> <li>• To support initiatives which generate employment and training for work opportunities.</li> <li>• To improve the annual footfall rate in the City Centre.</li> <li>• To reduce the rate of young people not in education, employment or training.</li> </ul>	<p><b>Newport is a Learning and Working City</b></p> <p><b>5. Level 2 Threshold English/Maths</b></p> <p>Achieving a good range of qualifications at Key Stage 4 is essential for young people to progress towards further learning, training and employment opportunities to achieve their full potential.</p> <p><b>6. City Regeneration and Development</b></p> <p>The regeneration of the City Centre making Newport an attractive place for investment. The aim is to improve the overall attractiveness and physical appearance of the public realm with the effect of increasing visitor numbers to the city. We will enhance the city's skill base, increasing potential for local employment and growth in the local economy.</p>
<p><b>Newport is a Greener and Healthier City</b></p> <ul style="list-style-type: none"> <li>• To increase the number of people taking up leisure activities and participating in all forms of physical activity across the City.</li> <li>• To implement a schedule of tree planting to offset the City's carbon footprint.</li> <li>• To increase the amount of waste that is reused, recycled and composted.</li> <li>• To increase green space.</li> <li>• To deal with reported fly-tipping incidents promptly and effectively.</li> </ul>	<p><b>Newport is a Greener and Healthier City</b></p> <p><b>7. Waste Management</b></p> <p>Europe and the Welsh Government have set very challenging waste diversion and recycling targets, failure to meet these targets could result in substantial fines. Newport historically has been seen as a progressive and innovative authority in the way in which it recycles and the low cost of its service provision.</p> <p><b>8. Enhancing cultural opportunities to increase participation</b></p> <p>Sport and other cultural opportunities improve people's lives and make the city a better place to live and visit. Our aim is to enhance the cultural offer of the city and increase participation in sports and leisure opportunities.</p>



2012-2013 Improvement Objectives	2013-2014 Improvement Objectives
<p><b>Newport is a Safer City</b></p> <ul style="list-style-type: none"> <li>To enhance publicity and enforcement regarding anti-social behaviour.</li> <li>To ensure that the City's infrastructure is safe and well maintained.</li> </ul>	<p><b>Newport is a Safer City</b></p> <p><b>9. Streetscene Management</b> Effective Streetscene Management will help to make the city's streets cleaner and safer.</p> <p><b>10. Integrated Family Support Services</b> Further development of early intervention and preventative services will increase families' ability and confidence whilst reducing the reliance and pressure on acute services.</p>
<p><b>Newport is supported by an improving and transformed City Council</b></p> <ul style="list-style-type: none"> <li>To ensure that performance indicators meet or exceed targets.</li> <li>To increase levels of customer satisfaction.</li> <li>To reduce the number of days lost due to sickness absence.</li> </ul>	

### The Council's self-assessment of performance

The Council's self-assessment of its performance during 2012-13 can be found in the *Annual Review of the 12/13 Improvement Plan* which can be found on the Council website at <http://www.newport.gov.uk>



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