



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

Annual Improvement Report

Neath Port Talbot County Borough Council

January 2011



Annual Improvement Report by the Auditor General for Wales

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

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

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

The Wales Audit Office study team that assisted in preparing this report comprised Jane Holownia, Rod Alcott and Jeremy Evans.

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

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

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What kind of area is Neath Port Talbot?

- 1 Neath Port Talbot has a geographic area of 442 km² and is the eleventh largest local authority area of Wales. The county links the dunes on the eastern rim of Swansea Bay to the upland valleys that border the Brecon Beacons National Park. The upland area, which has large parts covered by trees, is cut by five valleys, the Vale of Neath, Dulais Valley, Afan Valley, Swansea Valley and Upper Amman Valley. The main towns are Neath and Port Talbot, however Briton Ferry, Pontadawe and Glynneath are also important.
- 2 In 2009, the population of the borough was estimated at 137,425, making Neath Port Talbot the eighth largest council in Wales. From 2009 to 2021, it is expected that overall the population will grow by 7,000, an increase of 5.2 per cent. Whilst generally the population under 65 will remain stable, the expected increase in the population over 65 is significant.
- 3 Ninety per cent of the population of the borough were born in Wales and 20.3 per cent of the population can speak Welsh compared with 25.6 per cent of the total population of Wales. This is the tenth highest percentage among local authorities in Wales.
- 4 In 2009, the employment rate was 60.7 per cent. Just under 30,000 people are employed in the service industries (public administration, education, health, distribution, hotels and restaurants) representing over half of the employed people in the county. Five times more people were employed in manufacturing than building, although the largest percentage of VAT registered businesses in Neath Port Talbot in 2008 was in construction (16 per cent) with retail second with 12 per cent.
- 5 Further information about Neath Port Talbot and Neath Port Talbot County Borough Council (the Council) is included in [Appendix 2](#).

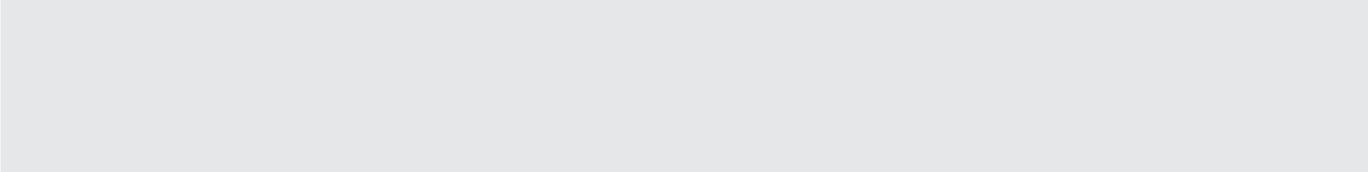
geographic area
442 km²
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population
137,425
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welsh speakers
20.3%
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Is Neath Port Talbot Council well managed?

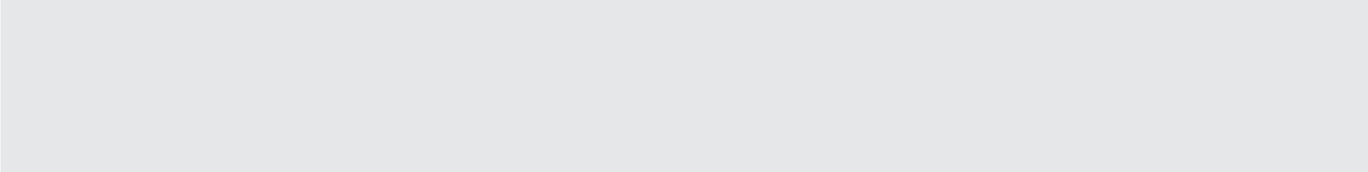
- 6 In July of this year, the Auditor General produced a Preliminary Corporate Assessment Report that gives quite some detail on how the Council is organised and managed. Our findings are set out in [Appendix 3](#). If you want to read the whole report, you can find it on the Council's website (www.neath-porttalbot.gov.uk) or on the Wales Audit Office's website (www.wao.gov.uk).
- 7 The overall conclusion of that report was that the Council is improving in a number of areas. It has particular strengths in relation to its leadership, the way it plans its services and the way it manages its money. But it also has weaknesses, including the way it uses technology, and some aspects of the way it manages its staff and the way it works with other organisations.
- 8 We found that in the past the Council relied on traditional arrangements that delivered sound services. The Council recognises that it needs to modernise and is making important decisions about the delivery of its services in the future in the light of public sector spending cuts.
- 9 When we produced our report in July 2010, we identified a number of areas for improvement. These are set out in the table on page 18. The Council has responded positively to our proposals and since July:
- the Cabinet has approved a new performance appraisal approach;
 - officers, led by the Chief Executive, are currently working on the best way to share learning across the Council;
 - measures have been developed that can be used to drive continuous service improvement;
 - a new model for the health, social care and well-being partnership has been developed which will be used to rationalise wider partnership working; and
 - a draft ICT strategy has been produced.
- 10 Since we produced the Corporate Assessment, the pressure has grown on all public services to make the very best use of all their resources. The Council's budget has been well-managed in recent years although overspends within social care due to growing demand for both children's services and continuing care has placed an additional financial burden on the Council. This effective financial management places the Council on a sound footing going forward into a period of significant change and financial cuts, as it has a track record of making sure its services are delivered with the resources it has available. However, the Council has some real challenges to address if it is to secure the level of savings it envisages.
- 11 The Council has been aware for some time that it faces significant budgetary pressures in the short to medium term with an estimated £29 million savings needed between 2009 and 2014. The Council recognised that it had to change the way it provided services if it was to improve quality whilst addressing these financial pressures. A service review programme has been implemented with the aim of transforming how services are provided, and this is supported by a Forward Financial Plan (FFP) which outlines how these savings will be achieved. There is, however, a funding gap in the FFP where actions to make some of the identified savings still have to be finalised. These actions need to be identified and agreed as a matter of priority.

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- 12 The Council anticipates that its proposals will result in sufficient cost savings to achieve a balanced revenue budget by 2014. However, the recent decisions of the Assembly Government in terms of local Welsh priorities for funding will now need to be factored into these plans, and members and officers are very aware that they will need to take difficult decisions if significant funding cuts are proposed.
- 13 The auditor appointed by the Auditor General has given his opinion on the Council's accounts. His Annual Audit Letter, which provides information regarding the accounts, use of resources and the Council's Improvement Plan, is included in this report as [Appendix 4](#).
- 14 There is more information about people's rights in relation to council accounts in the Wales Audit Office leaflet, *Council accounts: your rights*, which you can find on our website at www.wao.gov.uk.
- 15 The Council invited the Welsh Local Government Association to lead a Financial Peer Review and asked that the review consider specifically the robustness of the Council's medium-term financial strategy and the integration of the Transformation Programme with the annual budget cycle.
- 16 The peers found an authority with many strengths, not least its clear focus on future financial challenges through its FFP – now in its second year of delivery – and its Transformation Programme. There is also a widespread understanding amongst Members and staff of the scale of the challenge ahead and the difficult decisions involved.
- 17 The peers were impressed with the Council's financial management arrangements and the progress it has made with the FFP although they made a few practical recommendations to develop this further, including bringing the capital programme within the FFP. They were also very impressed by the series of systems reviews underway, both in terms of their outcomes and the enthusiasm of staff across the Council for them.

Does Neath Port Talbot Council know what it needs to do to improve?

- 18 The Assembly Government requires all councils to publish their plans for improving what they do and how they do it. They must also publish a list of the main priorities that they are aiming to improve each year – their improvement objectives. For 2010-11, the Council has decided to concentrate on 10 objectives, which can be summarised as:
- Improving housing
 - Improving services for older people
 - Improving education
 - Improving support for vulnerable children and their families
 - Improving council services
 - Improving the environment
 - Creating a strong and prosperous economy
- 19 The Council's objectives are set out in full in [Appendix 5](#).
- 20 The Council must publish its improvement objectives as soon as practical after the beginning of April each year. The Council published its improvement objectives in its Corporate Plan in August 2010 and made it available on its website. As this is one of the Council's most important public documents, it should give the plan a higher profile on the website so that it is easier to access. While the Council has not made the Corporate Plan available to the public in other ways, it does communicate effectively what it is doing and what it is trying to achieve with local citizens through such things as the *Community Spirit* newsletter.
- 21 The Corporate Plan 2010-2013, *Doing what matters*, is well written and clear about the objectives the Council has set. The objectives are supported by clear milestones set against financial years. The Corporate Plan explains the need to address the funding gap the Council faces over the next five years, although it does not include any detailed financial information. The Corporate Plan reflects current progress effectively and achieving milestones will provide evidence of activity although they are not a direct measure of achieving the overall outcomes. The Corporate Plan links back to the Community Strategy and other policy and strategic documents are clearly referenced.
- 22 The Council must publish its improvement objectives earlier next year. In order to give itself the best chance of achieving its improvement objectives, they need to be agreed by the start of each year, and preferably at the same time the budget for the year is approved. The more the Council can join up its plans and processes, the better it will serve the public.
- 23 In setting improvement objectives, the Council needs to be clear about what it is trying to achieve, and local citizens must know what difference achieving these objectives will make to their lives. The Council must have ways of measuring and demonstrating performance so that it is clear whether the improvement objectives have made a difference.
- 24 Most objectives are clear in terms of what they are trying to achieve, for example improving housing for council tenants. However some are less clear, for example, improving the way the Council intervenes in the lives of vulnerable children and their families and helping more businesses do business.

- 25 It is also important that the Council is able to measure its performance and progress. We found that the Council will be able to measure delivery of the improvement objectives in most areas. However, it does not yet have a complete set of measures to show what difference it has made to the lives of local citizens.
- 26 Workshops that we held with members and officers of the Council in September of this year showed that the Council is much clearer about what it wants to achieve for service users than the descriptions in the Corporate Plan would suggest. The workshops also revealed that the Council knows it needs to further develop its ability to show the public what its current performance is like so that it can demonstrate future improvement. This was the first time councils have been required to produce improvement objectives, and the Council will be revisiting its objectives to make them clearer to citizens.
- 27 We also examined how well the Council involved local people and those that work with it and for it, in deciding what it should make a priority. We found that the improvement objectives set out in the Corporate Plan reflected the objectives of the Community Strategy 2010-2020 but were also driven by the need to secure savings. The Community Strategy was developed through consultation with the public and partners and the improvement objectives were consulted on at the end of March/early April 2010, although the response was very limited.
- 28 The Council regularly engages with citizens to help choose the most appropriate way to deliver and shape services. It needs to extend this focus to ensure that in future it can show that it has directly consulted on the improvement objectives.
- 29 We examined how well the Council has planned its efforts to improve and if it could afford to pay for these improvements. We found that its improvement planning is well thought through. The Council aims to meet the growing expectations of residents whilst working with shrinking budgets. It wants to protect and improve important public services especially those that support the most vulnerable in communities. To do this, the Council has to close a funding gap of around £29 million over the next five years by changing the way the Council works.
- 30 While much of what it plans to do in its improvement objectives is designed to promote efficiency and create savings, the Council will still need to consider its objectives again, to be sure they are affordable, when making spending decisions for the 2011-12 budget.
- 31 Every council needs to have good information and use it well if it is to provide good services and improve them further. We found that the Council's systems for gathering and using information are generally well developed.
- 32 The Council met its statutory obligation to publish its Annual Report by 31 October 2010; this report is expected to provide a balanced picture of the Council's performance between April 2009 and the end of March 2010. Our audit of the 2009-10 Annual Report found that the report sets out the Council's vision for the authority and includes its main priorities and how performance is measured. The report includes clear links to the Council's improvement objectives and a reflection of the difficulties that the economic climate is having on the Council's ability to improve. The Annual Report is balanced and there are clear statements about the Council's activities and achievements against each of the seven themes.



A summary including a self-evaluation of performance would strengthen the report. Performance statistics summaries with greater detail are included in the appendices. Whilst it broadly meets the criteria set by the Assembly Government for content, the Annual Report does not summarise the Council's approach to equalities or sustainability, and does not reference the work of regulators and inspectors or their view of Council performance. Overall, the report presents a picture of improving performance, although the Council continues to face challenges. A full copy can be found on the Council's website (www.neath-porttalbot.gov.uk).

Is Neath Port Talbot Council serving people well?

- 33 Through the Auditor General's Improvement Assessment, we hope to gradually build a picture of how well the Council is serving local people. In order to do that, each year we will examine and report on the Council's services and some of their objectives for improvement as they relate to three important aspects of life in Neath Port Talbot. We think that, together, these aspects cover most of the main services that councils provide for citizens. They are:
- helping to support people in need;
 - helping people develop; and
 - helping to create a safe, prosperous and pleasant place to live.
- 34 In this year's assessment, we have looked at how the Council is progressing on objectives in these areas. The objectives we have chosen are:
- improving support for vulnerable children and their families (supporting people in need);
 - ensuring that our schools are all fit for purpose and that they are capable of delivering high-quality educational experiences for all pupils (helping people develop); and
 - improving the arrangements the Council has in place to collect waste and minimise landfill (creating a safe, prosperous and pleasant place to live).
- 35 We selected these objectives because together they span several key areas of the Council's responsibilities. The first one is more difficult to measure than the other two because people's perception of improved support will differ. The second and third are easier to measure because the Council will be able to demonstrate success through measures of educational attainment and the percentage of household waste going to landfill. It is also important to be able to measure how the Council's actions directly affect achievement of the objectives and to understand the role played by other agencies. Overall, if the Council has chosen to make things a priority, then it should be able to measure them in terms of how they affect local people.
- 36 We will look at other improvement objectives the Council is setting itself in our report next year.
- 37 The Welsh Language Board (WLB) works with local authorities to help them develop their statutory Welsh Language Schemes (WLSs) that outline the way in which they provide services to the public in Welsh. The primary responsibility for the range and standard of services rests with the authorities who provide them, working in accordance with the statutory framework and guidelines of the WLB. Every local authority is expected to provide the WLB with an Annual Monitoring Report that explains how its scheme has been implemented. This allows the WLB to offer advice as to how a council might improve its local arrangements. The WLB also undertakes its own reviews to assess the provision of Welsh language services and to promote improvement.
- 38 The WLB praised the Council for the data capturing processes that are in place. The performance data will feature within the Council's soon-to-be-revised WLS and it should inform and influence the Council's planning of bilingual services in the long term. The Council was also praised for its provision of electoral documentation, following a review conducted by the WLB. However, the WLB found that just less than half of the Council's website complied with its WLS. The Council will now be expected to deliver an improvement plan to address this issue.

Is Neath Port Talbot Council supporting people in need?

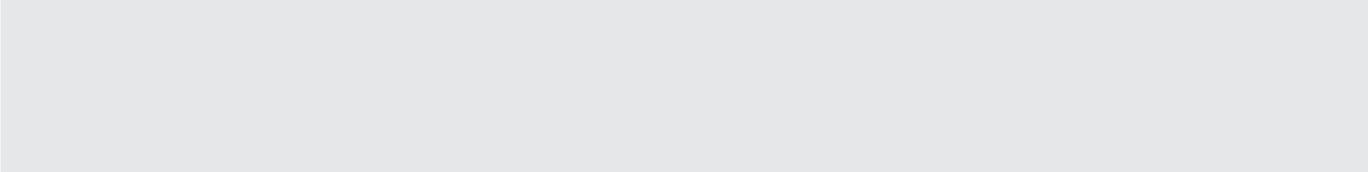
- 39 The population of Neath Port Talbot has wide-ranging needs and the Council therefore has to work in a wide range of ways to support it. Some measures suggest that the population in Neath Port Talbot has a higher-than-average level of need. For example, life expectancy is below the Welsh average. Female life expectancy in the council area for 2006-2008 was 80.4 years compared with the Welsh average of 81.4 years. Male life expectancy in Neath Port Talbot was 76.3 years compared with the Welsh average of 77.0 years. Rising life expectancy will, over time, create additional demand for the Council's services for the elderly, and the Council will need to plan for and manage the demand.
- 40 Teenage pregnancy levels were the tenth highest in Wales in 2007 with 45.1 conceptions per 1,000 female residents aged 15 to 17 compared with the average rate for Wales of 44.9. In 2008, Neath Port Talbot had the eleventh highest rate of children living in workless households amongst the Welsh local authorities. The level of homelessness in Neath Port Talbot in 2008-09 was the third lowest of all councils in Wales.
- 41 With the population changes projected, and other supporting figures, the Council needs to plan services carefully in order to be able to meet people's needs.
- 42 The role of the Care and Social Services Inspectorate in Wales (CSSIW) is to make professional assessments and judgments about social care, early years and social services and so encourage improvement by the service providers. It works on behalf of Welsh Ministers, but there are a number of safeguards in place to ensure its independence. Under new legislation there is a new framework in place for local authority social services inspection, evaluation and review.
- The framework seeks to address two key strategic questions:
- Are there effective arrangements in place to safeguard children and adults and to promote their welfare and development and their voice and their independence and social inclusion?
 - Can performance be sustained and improved?
- 43 Directors of social services are required to produce an annual self-assessment report on how well services are being delivered. The CSSIW will then undertake a review and analysis of evidence underpinning the report, including evidence from other regulators and inspectors. This analysis will result in an individual inspection and review plan for each council. The CSSIW's analysis, and the inspection and review plan, will be set out annually in a published letter.
- 44 2009-10 is the first full year of the new framework with the purpose being to establish a baseline of current performance. The key messages of the letter issued in December 2010 are summarised below.
- 45 The CSSIW's review has concluded that the Council is delivering an effective response to adult protection and has developed a wide range of services for adults to promote independence, and numbers of people supported in the community is increasing; however there are a high number of people in residential care. Performance in relation to the response of the occupational therapy service needs to improve, though the systems thinking review of disabled facilities grants has significantly improved outcomes for service users. There are higher-than-average numbers of delayed transfers of care. There is a strong engagement by stakeholders and people who use services and

their carers in planning and commissioning, and the Council is making good progress in delivering an ambitious transformation agenda for older people. There is a strong and robust analysis of need underpinning strategic initiatives, but the Council needs to improve the use of performance information and embed this at all levels, and develop commissioning plans across all adult services. The Council needs to improve the outcomes from joint working with health to deliver services for older people with dementia and mental health needs.

- 46 There is a mixed picture in children's services, with good referrals, initial assessments, access and assessment arrangements and allocations, supported by developing fostering, adoption and integrated family support processes. However, support for children with disabilities needs to develop while some areas of public access, planning and reporting need to improve. The Council needs to understand better the variable performance information in relation to child protection to ensure that there is consistency in decision making. Social services as a whole has committed staff working together in new ways. Stable senior management is ensuring good connections with the Council's plans; however succession planning continues to be an area for attention and development.

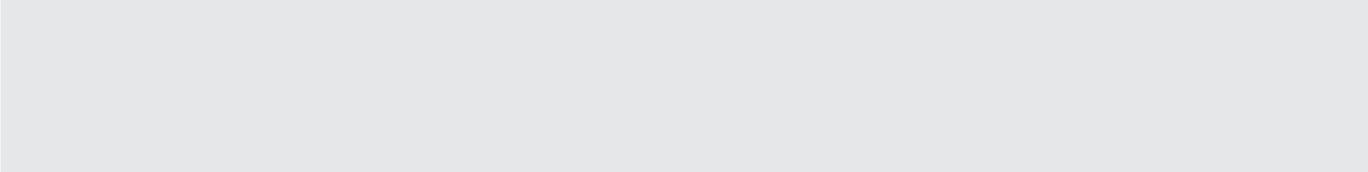
Is Neath Port Talbot Council improving support for vulnerable children and their families?

- 47 Over recent years, there has been a spotlight on services provided by authorities to vulnerable children and their families. The recently reported serious case review highlighted a number of historic issues in the way the Council used to operate that need to be addressed and this, along with annual performance information, supports why the Council sees this as an improvement priority.
- 48 There has been an increase in the numbers of children looked after in Wales. In Neath Port Talbot, the numbers have increased by 34 per cent. This is the largest increase in Wales and lifts the number of children in care from 290 in 2009 to 390 in 2010. Due to this increase in numbers, the percentage of looked after children with a care plan in place at the time they are placed in care has decreased over the last five years, and is now significantly below the Welsh average. More young people are having to move between carers or schools which is making their lives less stable than in the past.
- 49 The Council completes fewer of its initial assessments of children within the target time than the average for Wales, although performance is improving. It does better with the more extensive core assessment, completing a higher number than average within the target time of 35 days. However, it can sometimes take up to 70 days to complete the assessment.

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- 50 Faced with increasing numbers of vulnerable children and dysfunctional families, the Council decided to carry out a thorough review of the services it provides in this area. As a result of the review, the Council will change the way it works so that staff spend more time with vulnerable children and their families. This should mean that staff get to work with vulnerable children and their families at an earlier stage. This will help to prevent problems getting worse and ultimately requiring a greater level of support. The Council also wants to increase the number of local carers who can foster children.
- 51 The Council's review has also shown the need to work more closely with partners so that support is delivered by the most suitable provider, which will not always be the Council. Above all the Council wants to ensure that vulnerable children are safe, in a stable situation and have the same opportunities as others.
- 52 The Council will be able to demonstrate its success through measures such as a reduction in the numbers of looked after children, reduced numbers of children on the child protection register, an increase in the number of foster carers and improved school attendance and attainment. Other indicators such as reduced alcohol and drug use, which could also lead to a reduction in domestic violence, may indicate improvement against this objective, although the Council is not wholly responsible for improvement in these areas.
- 53 While the above measures are important, the Council recognises that it needs to develop additional measures that relate directly to the user's experience. Client satisfaction is very difficult to evaluate but the Council needs to find out what service users want, whether they feel better, and if their needs are being met quicker.

Is Neath Port Talbot Council helping people to develop?

- 54 Estyn, the inspector of education services in Wales, looks at how well councils are helping children and young people develop knowledge and skills. They carry out inspections of schools, further education colleges and training organisations, as well as making judgements on how well councils support these education providers. Estyn, through its regional teams, analyses performance information, visits schools and has regular meetings with directors of education to come to a view about the role of the Council and about education performance in the area.
- 55 Estyn has told us that performance at Key Stage (KS) 1 (Year 2) had been improving since 2007; however it fell in 2010 and is the third lowest in Wales. At KS2 (Year 6), performance rose in 2010. While performance across Wales continued to improve gradually, the rise was better than others, bringing the borough nearer to the Welsh average. At KS3 (Year 9), performance improved in 2010, although at a slower rate than Wales as a whole.
- 56 In 2009, performance at KS4 (Year 11) remained above the Welsh average for most indicators. Performance was not as high compared to other authorities as it had been in 2007 and 2008, but it is still above that which could be expected. Only 0.5 per cent of learners left full-time education without a recognised qualification in 2009. This is better than the Wales average and a significant improvement on previous years. The Council exceeded all three of the Assembly Government's benchmarks for performance in KS3 and KS4 in 2007, 2008 and 2009.
- 57 The percentage of adults in the borough who have no qualifications has gradually fallen since 2001, but remains above the Welsh average. The percentage of young people not in employment, education or training reduced in 2009, but at a slower rate than the Welsh average, and is now the fourth worst in Wales; this needs to improve. The percentage of pupils remaining in full-time education post-16 improved in 2009 at a faster rate than the Welsh average, and is now placed thirteenth in Wales.
- 58 Estyn undertook a review of education in Neath Port Talbot in November 2010, and the outcome from this review will be included in our report next year.
- Is Neath Port Talbot Council ensuring that schools are all fit for purpose and delivering high-quality educational experiences for all pupils?**
- 59 The Council has a duty to secure efficient primary and secondary education, to promote high standards, and to make sure that all children fulfil their potential. To meet this duty, the Council has developed plans for school improvement based on a clear set of principles.
- 60 Putting the plans into action will lead to substantial change involving opening new schools, closing existing schools, merging or amalgamating schools, federating schools, and promoting new initiatives that support collaborative working between schools. Essentially, the Council plans to have the right schools in the right places, so that educational opportunities are increased and standards are raised.

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- 61 The Council has lots of data that tells it where it currently stands. At January 2010 there were 3,532 surplus places in primary schools across the borough and 2,751 surplus places in secondary schools. Both of these figures represent more than 20 per cent of total school places and in both cases this is worse than the Welsh average, particularly for secondary schools. Total spending per pupil on primary schools for 2010-11 is the eighth highest in Wales, and for secondary schools it is the thirteenth highest in Wales. The total maintenance backlog for schools across the borough is currently estimated to be £104.5 million.
- 62 While the plans are long term, covering a period of 25 years, the immediate challenge for the Council is to begin turning the plans into action at a time of public spending cuts. In the longer term, the Council will be very dependent on Assembly Government funding if it is to make real progress and be able to demonstrate that its plans have raised educational standards.

Is Neath Port Talbot Council helping to create a safe, prosperous, and pleasant place to live?

63 Neath Port Talbot's crime rate has fallen steadily over the last seven years and is now 10 per cent lower than the average for Wales. The highest proportion of crimes are criminal damage (26 per cent) and theft offences (19 per cent).

64 In 2004-05, Neath Port Talbot had one of the lowest rates in Wales of adults regularly taking part in sport and active recreation. In 2004-05, this rate was just 23 per cent. However, by 2008-09, 51 per cent of adults were regularly taking part in activity and recreation; this was above the Welsh average.

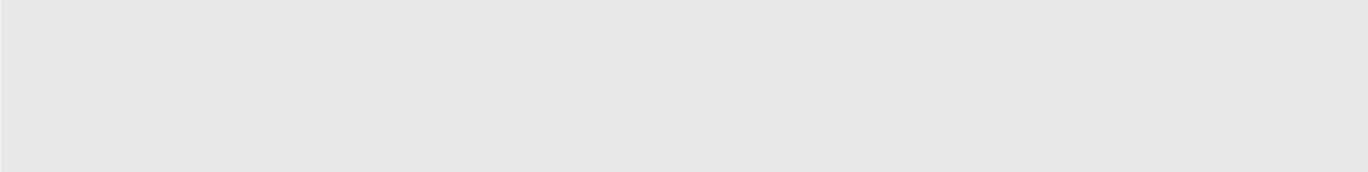
65 In July 2010, 3.6 per cent or 3,100 residents of the working age population were out of work, which was the same as the Welsh average. In 2007, gross disposable household income per head in Neath Port Talbot stood at £12,587, and was the joint tenth highest amongst the 22 Welsh local authorities. Between 1999 and 2009, earnings in Neath Port Talbot were above the Welsh average with the gap narrowing slightly. In 2008, Neath Port Talbot had the eleventh highest rate of children living in workless households amongst the Welsh local authorities.

Is Neath Port Talbot Council improving the arrangements it has in place to collect waste and minimise landfill?

66 The Council has a good track record of managing waste and promoting recycling in the borough. The Assembly Government has set targets for all councils to reduce the amount of waste that is sent to landfill. Waste services are currently being reviewed to make them more responsive to citizen needs and also more streamlined.

67 The amount of waste sent to landfill, at just under 35 per cent, is the lowest and therefore the best in Wales. Performance continues to be excellent with the first half of this year seeing only 22 per cent of waste sent to landfill. Whilst diverting well the Council does incinerate 22 per cent of its waste. This is recognised by the Council as a less sustainable model than alternative options.

68 Along with many authorities, the Council missed the Assembly Government's recycling target of 40 per cent of household waste. The Council achieved 34 per cent in 2009-10. Only 19 per cent of biodegradable waste was recycled or composted, which was well below the Assembly Government target and amongst the worst in Wales. However, the Council is showing an improved performance so far this year through the introduction of food waste collection. Other plans are in place to increase recycling and the Council is confident that they will meet the next recycling target, which is 52 per cent, in 2013.

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- 69 Not everyone participates in recycling. A Council survey carried out in May 2010 showed that 45 per cent of households did not participate in recycling. The Council asked the public what it can do to make it easier to recycle and it then responded to the five most common things people said. A follow-up survey showed that this activity had increased participation by 13 per cent, clearly illustrating the progress the Council is making.
- 70 The Council needs to ensure that its long-term plans will enable it to meet performance targets in the future. At present, the plans only identify where some of the expected improvement will come from. While it is difficult to plan with so many uncertainties, the Council will have to carefully balance the money it spends against possible increases in disposal costs and fines if it does not meet the national targets and allowances.
- 71 The uncertain future and the potential additional costs of waste disposal support the case for this improvement objective, even though the Council's performance is strong. By the time we publish this report next year, we will be able to tell you if the Council has continued its good performance and whether it has clearer plans for the future.

What should Neath Port Talbot Council do?

72 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:

- recommend to Ministers of the Assembly Government that they intervene in some way;
- conduct a special inspection and publish the report with detailed recommendations;
- make formal recommendations for improvement – if a formal recommendation is made the Council must respond to that recommendation publicly within 30 days; and

- make proposals for improvement – if we make proposals to the Council, we would expect them to do something about them and we will follow up what happens.

73 In the light of our work, the Auditor General is not making any formal recommendations but the Council should consider our following proposals to help it improve:

Proposals we made in our earlier work

- introduce a system of staff performance appraisal, beginning with senior managers, to increase accountability, strengthen performance management and act as a catalyst for cultural change;
- adopt a more comprehensive approach to sharing learning from the Transformation Programme that would enable more services to be aware of the outcomes and help to embed cultural change within the Council;
- develop performance measures to support the migration to a systems thinking approach and enable benefits from this approach to be identified;
- identify emerging capacity issues and develop an approach to staff development and redeployment that will help to ease potential problems;
- rationalise partnership working to ensure it is focused on outcomes and supported by robust challenge and scrutiny; and
- develop an ICT strategy and address the slow progress in undertaking a systems review of ICT.

New proposals

- review existing improvement objectives to ensure that they are affordable, in line with the priorities set out in the budget for 2011-12, and clear to citizens;
- publish improvement objectives earlier next year; and
- look at existing information for each improvement objective to establish the current position and identify gaps that need to be filled in order to demonstrate the results for local citizens.

Appendix 1

About the Auditor General for Wales and this report

The Auditor General

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

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

The Auditor General is the external auditor of the Assembly Government and its sponsored and related public bodies; the National Assembly for Wales Commission and National Health Service (NHS) bodies in Wales. He also appoints the external auditors of Welsh local government bodies, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils.

As well as carrying out financial audit, the Auditor General's role is to examine how public bodies manage and spend public money, including achieving value in the delivery of public services. The law which created the Wales Audit Office also expanded the powers of the Auditor General to follow the 'public pound' wherever it goes.

This report

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

This report has been produced by the Auditor General for Wales to discharge his duties under section 24 of the Local Government (Wales) Measure 2009 (the Measure). The report also discharges duties under section 19, namely; to issue a report certifying that he has carried out an audit under section 17 and an improvement assessment under section 18.

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

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

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



This will be informed by a:

- Corporate Assessment – a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement; and
- Performance Assessment – a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority's track record of improvement.

The output(s) from these assessments will be issued by the Auditor General as Audit and Assessment Report(s), under section 19 of the Measure. In publishing this report under section 19, the Auditor General for Wales is certifying that we have undertaken a section 17 audit and a section 18 improvement assessment.

The Auditor General may also in some circumstances carry out Special Inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22).

The Auditor General will summarise Audit and Assessment Reports in this published Annual Improvement Report (under section 24). This will also summarise any reports of Special Inspections.

An important ancillary activity for the Wales Audit Office is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General will also take account of information shared by relevant regulators (under section 33) in his assessments and this report will summarise any work undertaken by them.

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

Appendix 2

Useful information about Neath Port Talbot and Neath Port Talbot Council

The Assembly Members for Neath Port Talbot are:

- Brian Gibbons, Aberavon, Labour Party
- Gwenda Thomas, Neath, Labour Party

South Wales West Regional Assembly Members are:

- Alun Cairns, Welsh Conservative Party
- Peter Black, Welsh Liberal Democrats
- Dai Lloyd, Plaid Cymru
- Bethan Jenkins, Plaid Cymru

Source: National Assembly for Wales' website Wales Audit Office Ref: (14)

The Members of Parliament for Neath Port Talbot are:

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

Source: Members' Research Service Wales Audit Office Ref: (233)

There are 64 Councillors for Neath Port Talbot who represent the community and make decisions about priorities and use of resources. The Council is made up of Members from the following political groups:

- 37 Labour Party
- 11 Plaid Cymru
- 6 Independent
- 4 Welsh Liberal Democrats
- 3 Social Democrats
- 3 NPT Independent

Source: Neath Port Talbot County Borough Council's Website Wales Audit Office Ref: (53)



In May 2002, the Council established its new Cabinet of 10 Members.

This executive system of local government, which includes five Cabinet Boards, comes into being after a major public consultation exercise in 2001.

The executive is responsible for most decisions in the Authority, though the full Council still approves major policies eg, the Annual Budget and the Council Tax, after receiving Cabinet proposals.

Source: Neath Port Talbot website Wales Audit Office Ref: (192) Corporate Management Team

The Chief Executive is Steven Phillips and his management team includes:

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

For more information, see the Council's own website at www.neath-porttalbot.gov.uk or contact the Council at Port Talbot Civic Centre, Port Talbot, SA13 1PJ or Neath Civic Centre, Neath, SA11 3QZ.

Appendix 3

The Auditor General's Corporate Assessment

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

The Council's arrangements are improving and its ambitious improvement agenda is supported by strong leadership, effective planning and sound financial management but weaknesses in some corporate arrangements threaten its progress.

How the Council has approached improvement over time

Building on a platform of sound delivery, the Council is now moving forward with prioritised change which, if carefully managed, has the potential to support its improvement.

The Council had stable traditional arrangements that delivered sound services but needed to change to meet emerging challenges.

The Council recognises the need for change, is making important decisions and implementing a coherent and comprehensive change programme.

The scale of future challenges, in the context of public sector spending cuts, means the Council's ambitious plans will need to be carefully managed if they are to deliver projected savings and improvements.

Analysis of the Council's arrangements to help it improve

The Council has particular strengths in leadership, effective planning and sound financial management but weaknesses in scrutiny, the corporate approach to ICT and some aspects of people management and partnership working threaten its progress.

The Council enjoys strong leadership and generally sound citizen engagement and governance but scrutiny needs further development.

Clear objectives are underpinned by coherent, comprehensive delivery plans, robust project management and generally effective resource and risk management.

Weaknesses in the Council's corporate approach to ICT and some aspects of people management and partnership working represent risks to the delivery of its objectives.

Weaknesses in performance management arrangements mean that there are gaps in both corporate and departmental knowledge.

For the full report see our website at www.wao.gov.uk or contact us at the address on the inside cover.

Appendix 4

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

The Council complied with financial and performance improvement reporting requirements but needs to improve its accounts closure processes, address the full funding gap identified in the Forward Financial Plan and put in place enhanced arrangements to support performance improvement.

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements;
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- publish its Improvement Plan by 31 October.

The Code of Audit Practice issued by the Auditor General (the Code) requires me to:

- provide an audit opinion on the accounting statements;
- review the Council arrangements to secure economy, efficiency and effectiveness in its use of resources;
- consider whether the Improvement Plan is prepared and published in accordance with statutory requirements; and
- issue a certificate confirming that I have completed the audit of the accounts.

On 30 September 2010 I issued an unqualified audit opinion on the accounting statements, confirming that they present a true and fair view of the Council's financial transactions. My report is contained within the Statement of Accounts.

The following issues were identified regarding the accounts and which were reported in detail in the Audit of Accounting Statements report presented to the Audit Committee on 29 September 2010:

- some bank reconciliations had not been completed at the time of the audit due to ongoing problems with the new electronic bank reconciliation system introduced in 2009-10;
- a number of duplicate payments had been made during the year but these were not material to the accounts;

-
- accounts closure processes needed to be improved with robust quality reviews being undertaken to ensure that the pre audit accounts are as accurate as possible; and
 - issues raised in last year's annual letter in respect of control over journal entries, segregation of duties within the debtors section, and improving controls within the departmental creditors systems, have still to be addressed.

My review of the Council's arrangements to secure economy, efficiency and effectiveness has included the financial audit work set out above as well as placing reliance on the work completed as part of the LG Measure. The main findings from this latter work are those set out on page 18 of this report. In addition I also bring the following issues to your attention:

- The FFP needs to be linked more clearly to the transformation programme and ensure that the actions needed to address the entire funding gap identified in the FFP are put in place. The recently reported comprehensive spending assessment will impact on this.
- Procedures for registering officers' interests and receipt of gifts and hospitality need to be improved as there is currently not a consistent approach across the Council.
- Internal Audit complied with the CIPFA standards although there was some slippage in its plan due to staffing shortages and a number of special investigations.

The Council's Improvement Plan 2010-11 meets statutory requirements and provides a balanced view of its performance in 2009-10, however it does lack information in two specific areas. There is no summary of the Council's approach to Equalities or Sustainability and there is no reference to the work of regulators and inspectors or their view on Council performance.

I issued a certificate confirming that the audit of the accounts has been completed on 30 September 2010.

The financial audit fee for 2009-10 will be £15,457 higher than that set out in the Financial Audit Strategy due to the additional testing required to mitigate the issues surrounding to the non completion of bank reconciliations and creditors and debtors controls referred to above.

Appendix 5

Neath Port Talbot Council's improvement objectives

The Council published its improvement objectives in its Corporate Plan 2010-2013, *Doing what matters*, which can be found on the Council's website at www.neath-porttalbot.gov.uk.

They are:

- To improve the standard of the housing for our council tenants.
- To improve the privacy and dignity afforded to elderly people living in the Council's residential care homes.
- To prevent more people from having to go into hospital when they could be cared for in the community and we want to ensure that more people can return home from hospital when they are ready to be discharged.
- We want vulnerable adults to enjoy a good quality life and be supported to live as independently as possible.
- To ensure that our schools are all fit for purpose and that they are capable of delivering high quality educational experiences for all pupils.
- To improve the way we intervene in the lives of vulnerable children and their families.
- To make the services the Council provides easier for people to use, more efficient and better quality.
- To improve the arrangements the Council has in place to collect waste and minimise landfill.
- To replace two key leisure and cultural facilities that were lost due to fire. We also want to bring about improvement at the well used Victoria Gardens, Neath.
- To help more businesses do business and we want to help people who want to work find work.

Appendix 6

References

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

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