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Date	10 October 2012
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Pages	1 of 266

Dear Tracey

Improvement Assessment

I am required, under the Local Government (Wales) Measure 2009 (the Measure) to report my audit and assessment work in relation to whether Newport City Council (the Council) has discharged its duties and met the requirements of the Measure.

This letter summarises:

- my views on whether the Council has discharged its statutory duties in respect of improvement planning;
- my views on the Council's compliance with requirements to make arrangements to secure continuous improvement, based on work carried out to date by the Wales Audit Office and relevant regulators, including:
 - the Council's progress on areas for improvement and recommendations identified in my previous assessments;
 - any relevant issues that may have emerged since my last report, including comments on how the Council is addressing financial challenges; and
 - a brief summary of any reports of relevant regulators issued since my last report.
- my further proposals for improvement and/or recommendations; and
- updates to the Wales Audit Office work plan and timetable for delivering my Improvement Assessment work.

I shall update my views during the year and will provide a further letter by the end of November 2012.

The Council has discharged its improvement planning duties under the Measure. However, it should ensure that it acts more in accordance with Welsh Government guidance.

I have reached this conclusion because my audit and assessment work found that the Council has set six overarching five-year improvement priorities and outcomes and 24 improvement priorities for 2012-13 in its *Improvement Plan 2012-2013* (the Plan).

The Cabinet reviewed the Plan in July 2012, but it was not published until 26 September. The Council should ensure that it has arrangements in place to publish its Plan as soon as practicable after the start of the financial year.

Although the Plan does not include a detailed explanation, as required by the measure guidance, of why the overarching five-year improvement priorities and outcomes or improvement priorities for 2012-13 were chosen, it is clearly linked to the new Administration's manifesto. The Plan is also linked with the Council's Corporate Plan 2012-2017 *Standing Up For Newport* and with Newport's Community Strategy 2010-2020 *Feeling good about Newport*.

The Plan is structured around the six overarching five-year improvement priorities and outcomes, and includes a number of improvement priorities for 2012-13, performance measures and a description of actions to be undertaken.

Many of the actions detailed in the Plan contribute to the overarching five-year improvement priorities and outcomes. The links between some of the actions, the improvement priorities for 2012-13, and measures to demonstrate achievement are clearer in some than others. For example: the impact of the Council's Affordable Warmth Strategy is measured by the number of homes with improved thermal efficiency; and the impact of the development of an Integrated Waste Management Strategy is measured by the percentage of waste reused, recycled and composted.

However, there are a number of actions that do not have corresponding measures to evaluate impact. For example, there is an action 'vulnerable and disabled young people's champion', which could contribute to the improvement priority 'Newport is a Caring City', but there are no 2012-13 improvement priorities that directly relate to this action and there are no measures to assess its impact. A number of the actions in the section Newport is a Fairer City do not have corresponding measures that will enable the Council to evaluate the impact of its actions. The four actions in Newport is a Safer City could contribute to the outcome of a safer city but the measures used do not adequately measure improvement or impact from these actions. There are no measures relating to the delivery of the city centre management plan or the regional cohesion plan.

Although the Council states that it is using an approach to managing performance that focuses on outcomes (Results Based Accountability or RBA), it is not evident in the Plan. For example, in Newport is a Safer City, the improvement priority 2012-13 'to ensure that the city's infrastructure is safe and well maintained' has a measure relating to the condition of roads. A more outcome-based approach could use measures that demonstrate the impact of well-maintained roads, such as reductions in the number of road-traffic collisions, injuries and fatalities. The Council recognises the need to strengthen its approach to focus more on measuring outcomes and intends for this to be done through its revised performance management arrangements.

Each improvement priority for 2012-13 has a limited number of measures which do not always help the Council to demonstrate whether it has achieved the priority or whether citizens are better off as a result. For example, the objective 'to ensure families and vulnerable people are maximising their income by receiving the benefits to which they are entitled' has two measures, neither of which measure benefit take-up. The Council recognises that outcome measures need to be developed to enable it to fully evaluate delivery of this improvement priority.

The Council states that its overall goal 'is to secure continuous improvement across everything it does and by making incremental and prudent changes to the way it plans and delivers services and conducts its business'. However, a number of the targets set for 2012-13 are set at or below the previous year's actual performance. The Council also reports that it only met 53 per cent of its targets in 2011-12, which is lower than the two previous years (60 per cent in 2010-11 and 65 per cent in 2009-10).

The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 set out specific requirements for local authorities in Wales. They are required to develop and publish equality objectives and a strategic equality plan by April 2012. There is alignment between the requirement to produce equality objectives and the 'fairness' element that authorities must pay consideration to in setting improvement objectives under the Measure. The Council has not undertaken an Equality Impact Assessment on its improvement objectives but has on its Improvement Plan. Despite this, there is evidence that the Council considers fairness to be important and has an overarching improvement objective – Newport is a Fairer City – which includes an action to establish an independently chaired Fairness Commission. There are clear links between the Council's equality objectives and some themes in the Plan, for example: domestic abuse; community cohesion; and worklessness.

Based on, and limited to, work carried out to date by the Wales Audit Office and relevant regulators, it is not yet clear whether the Council is likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year as the pace of improvement has been slow in some key areas and it is undergoing a number of significant changes

I have reached this conclusion because:

The Council recognises the need to strengthen accountability arrangements to improve performance and efficiency

The Council has been operating an interim senior management structure since February pending the outcome of the May 2012 elections. The current Managing Director has announced her resignation and will leave the organisation at the end of October 2012 to take up a post at a council in England. Recruitment is now underway to appoint her successor.

As a result of the May 2012 elections, the Council had a change in Administration. The Labour group now holds 37 of the 50 seats available on the Council. The new Council commissioned external consultants to review its senior management structure. The Council recognises that its new management structure needs to address key issues such as: economic growth; strategic capacity; alignment and accountability; responsibility and innovation as well as value for money. It recognises that performance and transformation will be at the heart of what it does and proposes to strengthen the focus on transformation to support services to drive out efficiencies and move to alternative delivery models. In order to hold heads of service to account, there will be a fundamental review of service plans and business planning processes (including performance indicators) in order to determine what exactly is required for delivery.

The Council also intends to strengthen the role of scrutiny and address concerns regarding the imbalance of work between the scrutiny forums and a lack of focus and meaningful outcomes. In the new arrangements, three scrutiny committees have replaced the previous six overview and scrutiny forums. The Council, in its Corporate Plan, has set out its intentions regarding its strategic direction and improvement ambitions for the next five years. The Council is committed to strengthening performance management through its Performance Board by ensuring that accountability for delivery of improvement, transformation and efficiency is clear across the organisation.

We will monitor and report progress in implementing these plans and arrangements as part of our ongoing work.

The Council has made some progress in addressing many of our previous proposals for improvement, but recognises that in some cases, progress is slow and that there continue to be inconsistencies in the way it manages and addresses our findings

I have previously outlined a number of proposals for improvement and also noted some areas where we would undertake further work. Progress on these matters is summarised below and described in more detail in Appendix 1.

Overall, the Council recognises that progress against many of our proposals for improvement has been mixed. For example, the Council has published its Information and Technology Strategy 2011-2014 which addressed many of the proposals for improvement that we made in our Technology Review report in March 2011 regarding the Information Technology (IT) service. Progress in addressing some other proposals has been slow and often progress is difficult to assess. Some work is scheduled to be undertaken during 2012-13, for example: improving the management of the Council's assets and developing an asset management strategy; and developing an integrated waste management strategy. However, the Council recognises that areas in need of further improvement include: medium-term financial planning; performance management; information governance; and putting in place systems to co-ordinate and manage external regulator reports.

In some areas, little or no progress has been made to date. Although the Council has undertaken some activities in relation to addressing proposals made in our Information Governance Review, April 2011, limited progress has been made. The Council has developed a specific action plan in response to our proposals but does not reflect our original proposals for improvement, which could lead to the Council misinterpreting the meaning and focus of the individual proposals. No progress has been made against our proposal that the Council should test plans for disaster recovery and business continuity.

The Council does not have systematic arrangements for managing the findings and proposals for improvement from external regulators and inspectors. Generally, we found that some of our reports on specific services were initially reported to Cabinet Members, for example our reports on waste and IT. Some proposals, such as those relating to IT, were reported to the Cabinet Member and the action plan reported to Overview and Scrutiny Forum Resources and Audit. However, this approach is not consistently applied to all our reports. Since our fieldwork, the Council is developing a new process for managing and monitoring all regulator reports and recommendations.

Our Corporate Assessment and Annual Improvement Reports were reported to Cabinet. This helps Members to assess how the Council is performing and consider an independent view of the Council's approach to deliver improvement for citizens.

Where actions are ongoing, we will continue to monitor and report the Council's progress in implementing them.

The Council has effective arrangements in place to collect, record and monitor performance indicators

Every council needs to have good information and use it well if it is to provide good services and make them even better. The Council has established systems for collecting performance indicators and we have recently audited these systems to assess how effective and reliable these arrangements are. The measures we selected for audit are a mixture of national strategic indicators, public accountability measures, service improvement datasets, and local measures developed by the Council. All those audited are measures the Council uses to judge how well it is delivering its improvement objectives and whether it is making a difference for its citizens.

We found that the Council overall had effective systems in place to manage performance indicators. Of the 42 measures we audited, we qualified one and five needed to be corrected due to errors. We will report on the performance of services in our Annual Improvement Report.

The Council has a good track record of managing its budgets and acknowledges that its approach to medium-term financial planning needs to improve. There are weaknesses in the way in which 'savings' are reported.

In recent years, the Council has been working on improving its financial management and planning processes. The Council has a track record of managing within its budget. In 2011-12, it underspent by £3.4 million. The majority of this underspend was a result of underused contingency budget (£2.9 million) and a surplus on the council tax collection fund (£232,000). The Council Fund balance, excluding schools balances, has remained at an agreed level of £5 million and the level of earmarked revenue reserves have broadly been maintained and stood at £64 million at the end of 2011-12.

The Council's financial performance in 2011-12 was aided by: a programme of financial savings; spending in some areas not being as high as anticipated; income greater than had been estimated; and inflationary pressures that had been overestimated. We reviewed a number of recent financial and budget monitoring reports, and savings appear to cover a range of expenditure reductions. The Council needs to agree on a working definition of 'savings' that is understood across the organisation to ensure consistency and clarity of reporting.

As savings are reported in a number of separate reports rather than in a coordinated way through the one Medium Term Financial Plan (MTFP), it was not always possible to track and reconcile figures reported as savings and efficiencies. The Council still has some way to go to improve clarity and transparency of information, particularly the way in which savings are calculated, described and reported.

The Council recognises that its financial planning needs to be better coordinated and consolidated through a strengthened MTFP so that the MTFP becomes a key driver in helping the Council manage its financial pressures and deliver its improvement priorities over a longer time span.

The Council's current MTFP identifies significant financial challenges over the next few years due to anticipated reductions in funding from Government for both revenue and capital expenditure. As part of this programme, it has already identified that it will need expenditure reductions of some £12.3 million in 2012-13. The position in relation to subsequent years is less clear, as despite covering a three-year period, the MTFP tends to focus on savings and service pressures required in the next financial year. Annual budgets are currently estimated for the coming year on a basis that does not fully consider an assessment of future service demands. There is no sensitivity analysis or 'what-if' modelling built in to the process to better inform the Council of the possibilities and, more importantly, the implications of external events and drivers of cost pressures.

Although the Council has managed to deliver services within the overall budget set for the year, it recognises that there is much more work to be done to move to a sustainable position if it is to successfully deliver its priorities within reducing resources. The Council plans to extend its planning horizon to 2017-18 and is developing a longer-term transformation programme to address future financial challenges.

Partners are strongly committed to the Gwent Frailty Programme vision and have created a sound programme management framework to underpin it. Gwent Frailty is in the early stages of implementation and challenges remain to ensure it is sustainable, to change established behaviours and to demonstrate its impact.

From April 2011, Aneurin Bevan Health Board and Blaenau Gwent, Caerphilly, Monmouth, Newport and Torfaen Councils began implementing an ambitious integrated model of health and social care called the Gwent Frailty Programme (GFP). The GFP has legal status under a Section 33 Partnership agreement^[1] between the health board and the

^[1] A partnership agreement under Section 33 of the National Health Service (Wales) Act 2006 has been established to allow for the integration of health and social care services and the pooling of budgets to deliver the GFP.

five local authorities, and is supported with £6.9 million of Invest to Save funding from the Welsh Government. The GFP's aims have significant relevance to the way in which the public sector bodies involved use their resources and are central to the delivery of improvement priorities at all agencies involved.

The Wales Audit Office undertook an initial review of the arrangements for GFP implementation, focused on providing early assurance in relation to governance arrangements and direction of travel towards achieving intended aims and outcomes, rather than an evaluation of success. We concluded that partners are strongly committed to the GFP vision and have created a sound programme management framework to underpin it. The GFP is in the early stages of implementation and challenges remain to ensure it is sustainable, to change established behaviours and to demonstrate its impact.

The Council is making progress in establishing the new Property Services function but weaknesses in strategic management, asset information and investment planning continue to hinder long-term improvement

In 2011, we reviewed the Council's work on asset management and its proposals for reorganising the delivery of its Property Services function. Reorganisation involved the creation of a new Property Division within the Regeneration and Regulation Service which included asset management. Our review focused on assessing whether the Council was establishing an effective Property Services team to deliver its corporate asset management priorities going forward, and concluded that the Council is making progress in establishing the new Property Services function but weaknesses in strategic management, asset information and investment planning continue to hinder long-term improvement. We came to this conclusion because we found that the lack of an adopted Asset Management Strategy inhibits long-term planning although the Council has set out a timetable for addressing this in the next 12 months. The Council has identified a series of strategic property outcomes but these are generally short-term and the draft Property Services Business Plan has weaknesses and is not effective. Performance management arrangements are in place but are still not robust enough to support and challenge decision making. Corporate asset management working is underdeveloped and not effective, and there is a limited focus on value for money in the delivery of property services.

Appendix 1 outlines activities and progress the Council has made in addressing previous asset management proposals for improvement. The detailed report issued to the Council in August 2012 contains a number of additional proposals for improvement to help the Council improve (see Appendix 2).

The outcomes for vulnerable people in Newport are improving with more consistent systems in place, but progress has been slower than anticipated and the Adult Protection Service remains an area for development

A Care and Social Services Inspectorate Wales (CSSIW) national review of adult protection services took place early in 2010 and findings were reported in March 2010. The 2010 inspection found that 'Newport has an inconsistent approach to adult protection and needs a clearer and agreed vision of how adult protection services should develop'. CSSIW re-examined the effectiveness of the Council's arrangements for adult protection in May and June 2011; the findings were published in May 2012.

The inspection found that the strategic vision is now clearer and the outcomes for vulnerable people are improving with more consistent systems in place, although progress has been slower than anticipated by social services in their initial action plan of June 2010. The Adult Protection Service remains an area for development, and the Council should evaluate carefully the effectiveness of its future efforts to ensure that progress continues.

Although the Council has plans and structures to support the delivery of regeneration in Newport, current arrangements are not sufficiently robust to enable the Council to comprehensively evaluate the impact of its regeneration initiatives

During April 2012, we reviewed the Council's arrangements to plan, deliver and evaluate its regeneration initiatives. Our review focused on assessing if the Council has effective arrangements for: planning its approach to regeneration activities; activities and responsibilities are organised in a way that supports delivery of objectives; and if the Council takes account of relevant information when evaluating the delivery of its strategy.

We concluded that although the Council has plans and structures in place to support the delivery of regeneration in Newport, the Council's current arrangements are not sufficiently robust to enable it to comprehensively evaluate the impact of its regeneration initiatives. We found that the Council understands the need to regenerate Newport and is committed to achieving this, but regeneration objectives in the Council's strategies are not fully joined up, making it difficult to evaluate success. The Council is becoming more responsive and effective in delivering regeneration activity but funding sources are limited and the impacts of key changes are yet to be evaluated. Although the Council has monitoring and scrutiny arrangements in place, there are weaknesses in its ability to access and process information on outcomes, and to assess whether value for money is being achieved.

The detailed report issued to the Council in September 2012 contains a number of proposals for improvement to help the Council improve in the following areas: strategic links between the Economic Development Strategy and other key corporate plans; performance information and monitoring and assessment arrangements (see Appendix 2).

Since we undertook our review in April, the Council has informed us that it has made progress to address our proposals for improvement by: beginning a process to identify its regeneration priorities; establishing links between its strategic objectives and service delivery proposals and actions; making progress in integrating staff structures to ensure improved collaboration between departments involved in regeneration; and establishing more robust baseline data and project management processes to more effectively monitor and evaluate performance, progress and outcomes.

Regeneration and economic recovery are key drivers for securing a successful and sustainable city and will continue to feature in the Council's new Corporate Plan and long-term improvement objectives. We will follow up on the Council's progress as part of our Improvement Assessment work.

Further proposals for improvement

Some new proposals for improvement are being suggested in this letter. We will continue to monitor and report on the progress made by the Council in implementing the proposals set out in my previous reports and letters.

Proposals for improvement

Improvement Plan

- P1 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 the Measure guidance.

Implementing proposals for improvement

- P2 The Council should implement arrangements that ensure accountability for addressing proposals for improvement are clear, and that robust monitoring and reporting processes are in place that clearly track and report if progress is being made.

Financial planning

- P3 The Council needs to agree on a working definition of 'savings' that is understood across the organisation.
- P4 The Council should report financial 'savings' information in a way that clearly identifies the type and nature of the saving.
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- P5 To improve its approach to medium-term financial planning, the Council should incorporate appropriate data to help identify the financial impacts of changes in the demand for services as well as changing demographics.
- P6 To improve its approach to medium-term financial planning, the Council should use financial modelling tools to predict likely financial and service impacts given a range of assumptions and scenarios.

Asset management

- P7 The Council should address the proposals for improvement made in our feedback report on Asset Management (August 2012) (See Appendix 2).

Regeneration

- P8 The Council should address the proposals for improvement made in our feedback report on Regeneration (September 2012) (See Appendix 2).

Updates to the work plan and timetable

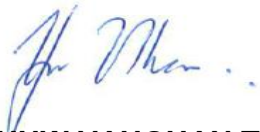
My Improvement Assessment team will keep the Council informed of the detailed arrangements for the delivery of my assessment work.

The regularly updated work plan and timetable provides more detail on the work being delivered during this year's assessment, and in particular, how we will add value by focusing on jointly identified areas or services.

The work plan and timetable takes account of my consultation with improvement authorities over my proposals for 2012-13 performance audit work. In particular, I shall be asking my Improvement Assessment team to consider during the year the reliance that we can place upon the self-assessment processes (including your review of governance in producing the Annual Governance Statement and your Annual Performance Report). I shall comment on this approach in my Annual Improvement Report.

I am grateful to the Council for the way in which it has helped to facilitate our work, and hope to see even more effective and efficient arrangements developing over time. I remain committed to providing appropriate levels of public assurance while supporting you in mitigating the inevitable risks to services and accountability that stem from reducing resources and consequential change.

Yn gywir



HUW VAUGHAN THOMAS
ARCHWILYDD CYFFREDINOL CYMRU

CC: Carl Sargeant, Minister for Local Government and Communities

Non Jenkins, Local Government Regional Manager

Jackie Joyce, Local Government Performance Audit Lead

Appendix 1

Proposals for improvement	Progress
Preliminary Corporate Assessment, July 2010	
<p>1. Refine and develop performance information arrangements to identify the benefits of Council activities and that of its partners in terms of outcomes for citizens and communities.</p>	<p>The Council is continuing to develop its arrangements regarding performance information to identify benefits and outcomes for citizens and communities.</p> <p>The Council adopted a Performance Management Strategy in 2011 which outlines its vision for managing performance across the Council. The strategy has an associated Delivery Plan 2011-12 with a number of key actions to be completed during 2012, for example: develop an RBA toolkit; collect customer opinion data to inform and evidence improvement objectives; and inclusion in Views system of partnership data.</p> <p>Service Planning Guidance for Managers is issued each year and emphasises the need to identify outcomes and how services link to key strategic documents including the Community Strategy and the Corporate Plan. Although the Council has adopted an outcome-based planning approach, this is not always evidenced in guidance. For example, in Service Planning Guidance 2011-12, there was a requirement to list performance measures against the following headings: How much did we do? How well did we do it? And is anyone better off? In the 2012-13 guidance, this approach is not mandatory.</p> <p>We will continue to monitor how the Council manages performance and further develops outcome measures, particularly in relation to its Corporate Plan 2012-2017, Improvement Plan and Improvement Objectives, and progress made on its Performance Management Strategy Delivery Plan.</p> <p>Status: in progress and proposal remains open</p>

Proposals for improvement	Progress
<p>2. Put in place an MTFP that is aligned to the delivery of the transformational change programme.</p>	<p>The Council has an MTFP but it tends to focus on savings and service pressures required in the next financial year. The Council acknowledges these weaknesses and has decided to extend its planning horizon to 2017-18 and is developing a longer-term transformation programme to address future financial challenges.</p> <p>We will continue to monitor how the Council improves its medium-term financial planning arrangements.</p> <p>Status: in progress and proposal remains open</p>
<p>3. Implement ICT governance arrangements to support the strategic development of technology aligned with service business needs and corporate standards.</p> <p>Incorporate ICT investment into MTFPs and ensure that technology is delivered in the most cost-effective way, is sustainable, and does not result in unnecessary risks and support overheads.</p>	<p>We undertook a review of the Council's information governance arrangements in April 2011 as part of our national themed studies programme in 2011 and made the following proposals for improvement:</p> <ul style="list-style-type: none"> • assess the perceived imbalance between paper and electronic information within the Council's strategy, policy and guidance documents to ensure that both paper and electronic information is understood to be equally important to the organisation; • continue to broaden the impact of the Information Unit to enable coverage of the whole of the information lifecycle (collection, storage, use, sharing and disposal); • the Council should engage more with the ISO27001 series tools, such as the statement of applicability and the audit guide, to help them focus direction and strengthen practice; • the Council should make an early decision about the off-site server facilities; • the Council should test the plans for disaster recovery and business continuity, and if required, improve the plans as part of ongoing learning and development; • continue to develop archiving and disposal processes establishing corporate policy and control; and • ensure that progress in relation to email archiving is maintained. <p>The Council has undertaken some activities in relation to these proposals for improvement, but overall, limited progress has been made.</p>

Proposals for improvement	Progress
	<p>Although the Council has developed a specific action plan in response to our proposals for improvement, the plan does not include the original wording of Wales Audit Office proposals for improvement and this is a weakness as the focus of the individual proposals may have been missed.</p> <p>Some actions taken by the Council include:</p> <ul style="list-style-type: none"> • implementing EDMS, which has been renamed 'My Information' as part of a collection of projects to improve the effectiveness of back-office systems and information; • the spatial data unit now reports directly to the Information Governance and Risk Manager, which ensures that spatial data is more available across services; • implementing the Tell us Once project and has Wales Accord for the Sharing of Personal Information (WASPI) trained facilitators and Information Sharing Protocol (ISPs) in development across services and with partner organisations; and • the Council is also involved in the UK-wide pilot for the Direct Electronic Incident Transfer (DEIT) project and its own Customer Insight project is being developed. <p>Although the Council has installed a standby generator to support the IT systems in the event of power failure, it has not yet made a decision about off-site server facilities and has not tested its disaster recovery plans. We will continue to monitor how the Council progresses these proposals for improvement.</p> <p>Status: in progress and proposals remain open</p>
<p>4. Develop Human Resource (HR) and organisational development arrangements that are aligned with delivery of the Fit for the Future programme.</p>	<p>The Council continues to make progress on this issue. The Fit for the Future Programme is now part of the Council's overall transformation programme. It has a clear strategic vision for managing its people effectively and adopted its People Plan 2010-2013 in October 2010.</p> <p>In March 2012, the Performance Board received a progress update in relation to the People Plan initiatives.</p> <p>Actions completed included: 'Your Review' process; learning exchanges and HR surgeries for managers; competency based sessions; collaborative working; targeted reduction in levels of agency staff and</p>

Proposals for improvement	Progress
	<p>overtime costs; improved stress management policies and training; management of attendance; sickness absence monitoring; and completion of an employee survey. The Council recently undertook a review of sickness absence and has identified a dedicated resource to deal with the issue. The Council is also considering adopting the 'Investors in People' standard.</p> <p>The Council has continued the roll out of the senior management forum. Top-tier managers have completed a suite of management development sessions including team work, performance, communication, leadership, personal effectiveness and coaching. The Council has also recruited a trained stress counsellor and development coach.</p> <p>Early in 2012 the Head of HR, Policy and Performance approved an Organisational Development Strategy. The strategy reinforces the principles contained in the People Plan 2010 and focuses attention on building the capability and capacity of the organisation in order to deliver cultural change. An Organisational Development action plan has been developed for delivery in 2012-13.</p> <p>During 2012-13, the Council will be refreshing and republishing its performance review process (currently called 'Your Review' but from autumn 2012 will be known as 'My Review'). In 2011-12, 85 per cent of employees received a performance review and were guaranteed a discussion with their manager about their performance in their role, their contribution to the organisation, their strengths and development needs. We will continue to monitor this area in light of the proposed senior management restructure.</p> <p>We also undertook a review of the Council's HR arrangements in September 2011 as part of our national themed studies in 2011. We made the following proposals for improvement:</p> <ul style="list-style-type: none">• the Council needs to work through, and implement the results of, its Total Reward project to minimise its vulnerability to challenge by trade unions and individual staff; and• the Council should assess the impact of working in collaboration with partner organisations on its own job evaluation issues and reward, including equal pay for work of equal value.

Proposals for improvement	Progress
	<p>The Council set up its Total Reward Project Group in October 2010 and has been engaged in a review of pay, grading and remuneration for a number of years now. Since June 2011, a local joint working agreement with trade unions has been in place which adopted the Newport City Council Job Evaluation Scheme (NCC JES), rather than the National Joint Council Job Evaluation Scheme. Although the Council has established a Project Management Board and Cabinet Subcommittee, progress on addressing our proposals for improvement has been slow and limited. The Project Management Board is currently reviewing the project plan, products and deliverables, and a report is scheduled for Cabinet in October 2012.</p> <p>Evidence provided by the Council regarding the proposal for improvement relating to collaboration above, focuses on general collaborative arrangements, for example: working with neighbouring authorities; entering into a joint working relationship with relevant recognised trade unions; and supporting continued joint working through a trade union facilities agreement. But, our proposal for improvement is about the Council recognising the issues and assessing the impact of collaborative working with respect to potential equal pay issues, its own job evaluation and reward schemes.</p> <p>Any council is vulnerable when its workforce in a shortage profession can choose to work for a different council a short distance away for more money. A recent report illustrates that the Council is affected by neighbouring authorities have been through the process of single status and social work practitioner and management staff had significantly enhanced salaries. The present situation is that Newport's Total Reward scheme will not be operational until April 2013 and reports that it is paying between £3 and £5,000 less than nearby authorities.</p> <p>Status: in progress and proposals remains open</p>
<p>5. Address weaknesses in asset management by incorporating recommendations in the Wales Audit Office Buildings Management Report into plans for the establishment of the integrated property service.</p>	<p>Please see update against Annual Improvement Report, January 2012, proposal for improvement number 14.</p> <p>Status: superseded by new proposals for improvement as set out in P7 and Appendix 2 of this letter</p> <p>Close down this proposal for improvement</p>

Proposals for improvement	Progress
<p>6. Implement arrangements to monitor, report and track external regulator reports and recommendations with relevant officers and elected members.</p>	<p>The Council does not have a systematic and robust system to consistently report, action and monitor delivery of external regulator reports and recommendations.</p> <p>We will continue to work with the Council during the year to review progress and arrangements to implement and monitor our proposals for improvement.</p> <p>Status: superseded by new proposal for improvement as set out in P2 of this letter Close down this proposal for improvement</p>
Annual Improvement Report, January 2011	
<p>7. Set clear priorities for action in the context of reduced resource availability.</p>	<p>The Council has a number of plans which identify its priorities; there are clear links between the new Administration's Standing up for Newport Manifesto, the Council's Corporate Plan 2012-2017 <i>Standing Up For Newport</i> (not yet adopted by full Council) and clear links with Newport's Community Strategy 2010-2020 <i>Feeling good about Newport</i>.</p> <p>We will continue to monitor the way in which the Council develops its approach to performance management and medium-term financial planning.</p> <p>Status: in progress and proposal remains open</p>
<p>8. Set outcome measures that enable the Council to identify the impact of its activity for the community and service users.</p>	<p>Please see proposal for improvement 1 above also. As the Council has not yet published its 2012-13 Improvement Plan, we will continue to monitor the development of outcome measures that will enable it to demonstrate impact of its activities.</p> <p>Status: in progress and proposal remains open</p>
<p>9. Establish corporate arrangements for the funding, refreshment and development of all ICT.</p>	<p>We undertook a review of the Council's IT arrangements in March 2011 as part of our national themed studies in 2011, and made the following proposals for improvement:</p> <ul style="list-style-type: none"> • the Council needs to formally agree and document technology standards; • the Council needs to include plans to refresh and renew the ICT infrastructure into its MTFPs; • the Council needs to collect information relating to the usage and cost of transactions across the different access channels to establish a baseline, and then regularly monitor the usage and cost and use this to inform decision making and prioritisation; and

Proposals for improvement	Progress
	<ul style="list-style-type: none"> the Council needs to proactively market the different access channels at every opportunity to encourage take-up of lower-cost channels. <p>The Council has made progress in addressing these proposals for improvement and further work is identified in the Council's Customer and Information Services (C&IS) Service Plan.</p> <p>In June 2011, the service was re-launched as C&IS reflecting the Council's Operating Model and links between information, technology and customers.</p> <p>In December 2011, the Council adopted its Information and Technology Strategy 2011-2014, which we consider an example of good practice. It also published its Channel Strategy 2011-12 at the same time, and in July 2012, it approved its Customer Services Strategy.</p> <p>The Council has a number of IT replacement schemes in its 2012-13 capital programme. During 2011, it centralised its desktop budgets for hardware and software which are now managed by C&IS. Further centralisation of budgets took place in 2012 with telephony and network budgets now managed by C&IS. A number of IT schemes are included in the Council's 2012-13 Capital Programme.</p> <p>Information relating to the usage and cost of transactions is now being monitored across all channels, for example, face-to-face footfall/ transactions statistics available since January 2012, more than 35 per cent of transactions are completed via self-service. The Council reports that savings have already been achieved through the introduction of a self-service automated payments line.</p> <p>A marketing campaign has commenced with some initial success.</p> <p>The Council produced and approved its Information and Technology Strategy 2011-2014 in December 2011; the development of which included working with directors, and the Wales Audit Office has recognised as being good practice. The strategy covers both technology and information governance and Section 6 of the strategy outlines the overall governance arrangements.</p> <p>We are planning to undertake a Review of Service Transformation Programme between October and December 2012. The aims of the review are to identify and assess the impact of the service transformation programme in terms of delivering efficiency savings,</p>

Proposals for improvement	Progress
	<p>improving service performance in line with customer expectations, and to evaluate whether the Council’s arrangements for future service transformation are likely to deliver further efficiency savings and outcomes for citizens.</p> <p>Status: in progress and proposals remain open</p>
<p>10. Ensure service business plans incorporate realistic estimates of financial, staff and other resources required to deliver proposed actions.</p>	<p>Although the Council has issued Service Planning Guidance for Managers which requires information regarding resources (staff, finances, income and investments) to be included, some of 2012-13 plans do not have this information.</p> <p>We will continue to monitor the way in which the Council develops its approach to service planning and performance management.</p> <p>Status: in progress and proposal remains open</p>
<p>11. To meet Assembly requirements, the Council should identify which of its current intended improvements from its improvement plan quarterly monitoring reports should be regarded its ‘improvement objectives’ for the purposes of the Measure.</p>	<p>The Council stated that the nine priorities in ‘Our Council Our City’ were its improvement objectives for 2011-12.</p> <p>Status: completed</p> <p>Close down this proposal for improvement</p>
<p>Corporate Assessment Update Letter, September 2011</p>	
<p>12. Strengthen the understanding of managers so that service plans for 2012-13 consistently identify clear outcome-focused measures related to achievement of improvement plan objectives.</p>	<p>Please see proposals for improvement 1 and 8 above also. Although the Council is adopting RBA, there is still further work to develop clear outcome-focused measures.</p> <p>We will continue to monitor how the Council develops its approach to performance management.</p> <p>Status: in progress and proposal remains open</p>
<p>13. Set a clear improvement strategy and begin implementation of an action plan to establish robust corporate asset management arrangements.</p>	<p>Please see update against Annual Improvement Report, January 2012, proposal for improvement number 14.</p> <p>Status: superseded by new proposals for improvement as set out in P7 and Appendix 2 of this letter</p> <p>Close down this proposal for improvement</p>

Proposals for improvement**Progress****Annual Improvement Report, January 2012**

14. Asset management:

- Establish a programme for improvement of asset management that clarifies strategic objectives and includes an implementation plan with clear milestones to support monitoring of progress.

The Council has undertaken a number of activities to address longstanding recommendations regarding its Asset Management function and activities. A review undertaken during 2011, as part of the Council's business improvement programme, resulted in the creation of a new service called Property Services located in Regeneration and Regulatory Services. Implementation of the new structure is taking place during 2012-13. Although the Council has a high-level Corporate Property Strategy and Strategic Asset Management Plan, work to develop it further in to a full strategy is being undertaken now and is scheduled for completion in October 2012 with implementation in January 2013. Other recent activities include:

- the appointment of the Business Systems Manager;
- revised Property Services business plan for 2012-13;
- development of new performance indicators;
- implementation of a property information management system (K2);
- appointing a disposal partner;
- reconvening the Strategic Asset Management Group;
- developing guidance and handbooks; and
- adoption of revised processes and controls for approving Capital Programme changes.

Many actions and activities are scheduled to be undertaken during 2012-13 and it is for this reason that it is too early to assess the extent to which asset management proposals are being addressed by the Council. We have issued a further report on asset management to the Council in August 2012 and we will continue to monitor how the Council develops its approach to asset management.

Status: superseded by new proposals for improvement as set out in P7 and Appendix 2 of this letter

Close down this proposal for improvement

Proposals for improvement	Progress
<p>15. Delivering Disabled Facilities Grants (DFGs):</p> <ul style="list-style-type: none"> • establish a strategy to reduce the backlog of cases; • review the budget for DFG applications; • assess potential future demand for, and cost of, a comprehensive independent living service in Newport; • work with independent advocacy services to encourage the promotion and take-up of independent living services including DFGs; and • improve the quality and range of information provided to applicants through the production of service information in a wide range of formats. 	<p>Some progress has been made on addressing our proposals for improvement but a number still remain to be actioned.</p> <p>In February 2012, Cabinet made decisions relating to changes to grant aid and loan assistance. These changes have released additional funds to deal with the backlog of cases. An additional £0.5 million has been added to the capital programme to assist with future demand. There is also a shared Occupational Therapy Manager with Health. The Council has seen some improvements in DFG waiting times. In 2010, the financial and administrative controls within the DFG section were reported as being 'unsatisfactory'; following an audit in 2011, the systems have been rated 'good'. The Council has introduced a spreadsheet to monitor status and progress of individual DGFs. Currently, measures only relate to delivery times for DFGs.</p> <p>Proposals that remain to be addressed include procurement, working with independent advocacy services, improving information to applicants and establishing a contractor's forum.</p> <p>We will continue to monitor the Council's progress in addressing these proposals.</p> <p>Status: in progress and proposals remain open</p>
<p>16. Waste management services are improving steadily; the Council can refine arrangements by:</p> <ul style="list-style-type: none"> • Producing a waste management plan that shows the strategic direction of the service in meeting outcomes together with a timeline that extends for at least three years for the implementation of waste management initiatives and for outline budget planning. • Refreshing the profile and improving the marketing of waste services to improve participation in recycling, reuse and waste reduction. 	<p>The Council is currently developing an Integrated Waste Management Strategy for approval by the end of 2012. The strategy will cover the following areas: business improvement; value-for-money activity; vehicle procurement arrangements; refuse collection route optimisation; a unified approach to recycling of food and other domestic waste; Project Gwyrdd and future collaborative waste management solutions for avoiding landfill; sustainability; education and awareness programmes; increasing opportunities for recycling.</p> <p>The Council has a programme of marketing activities including themes. For example, in June 2012, the theme was garden waste. It also now has PR staff within Wastesavers, its own Education and Enforcement team, and is working with the Welsh Government's Collaborative Change Programme to support achievement of the 'zero waste' targets.</p>

Proposals for improvement	Progress
<ul style="list-style-type: none"> Seeking opportunities to increase recycling and waste reuse at household waste amenity and bring sites. With comparatively low provision of these facilities, the Council should consider developing new sites. 	<p>The Council is currently developing its Integrated Waste Management Strategy, and for this reason, it is too early to assess the extent to which proposals are being addressed by the Council.</p> <p>Status: in progress and proposals remain open</p>
<p>17. Refine performance assessment by ensuring that:</p> <ul style="list-style-type: none"> service plans include a framework to evaluate how well a service has been delivered and identify the impact achieved for service users, and in the context of Council priority aims; all reports to Members have been evaluated by officers and minutes of meetings indicate what assessment Members have made of the information presented; and website access to relevant information is readily available and routinely tested by officers. 	<p>Please see proposals for improvement 1, 8 and 12 above also.</p> <p>Although the Council is adopting RBA, there is still further work to develop clear performance and outcome-focused measures which will enable the Council to evaluate how well the service has been delivered and impact on service users.</p> <p>Reports to Members now contain contributions by relevant heads of service and corporate directors. The Council states that minutes of meetings accurately record discussions.</p> <p>In July 2012, revised terms of reference for the Performance Board were agreed and formally endorsed by Cabinet. Part 1 reports and minutes are now publicly available via the Council's website.</p> <p>We will continue to monitor how the Council deals with these proposals.</p> <p>Status: in progress and proposal remains open</p>
Housing and Council Tax Benefit Assessment, January 2012	
<p>18. In 2012-13, the Wales Audit Office will:</p> <ul style="list-style-type: none"> Explore why there is a low rate of fraud referral and how resources to tackle fraud are managed as sanctions are also low. The DWP's plans for a single fraud service may also have an impact on the service from April 2013. Explore why the performance in appeals and reconsiderations has significantly declined. Progress towards implementing an electronic document management system. 	<p>The Council reports that fraud referrals reduced from 21.48 per 1,000 caseload in 2010-11 to 16.62 per 1,000 caseload in 2011-12 but the number of successful sanctions per 1,000 caseload has increased from 3.53 in 2010-11 to 4.26 in 2011-12.</p> <p>Performance on appeals has improved in 2011-12:</p> <ul style="list-style-type: none"> eight per cent submitted to the appeals service within four weeks; and 33 per cent submitted to the appeals service within three months. <p>The document management system was implemented in January 2011 and includes an integrated workflow system. Performance in processing new claims and changes has improved since 2008-09 and was 10.6 days in 2011-12.</p>

Proposals for improvement	Progress
<ul style="list-style-type: none">• Follow up any recommendations made in the overpayments report. <p>Council Tax and Housing Benefit Overpayments Report, August 2010</p> <p>Carry out consultation with customers to ascertain:</p> <ul style="list-style-type: none">• levels of satisfaction with the service;• suggestions for improvement; and• make information specifically aimed at encouraging customers to report changes in circumstance available on the website.	<p>Although no specific consultation surveys have been undertaken by the Council, it has sought user views via the landlord forums and disability groups.</p> <p>Developments to the benefits processing system are scheduled for the end of 2012 which will enable online reporting of changes in circumstances.</p> <p>We will review these areas as part of our housing and council tax benefit risk assessment work.</p> <p>Status: in progress and proposals remain open</p>

Appendix 2

Proposals for improvement made in service-specific reports.

Proposals for improvement	
Asset Management (issued August 2012)	
P1	<p>The Council should introduce an effective asset management strategy for its property and associated infrastructure. This should:</p> <ul style="list-style-type: none">• set out a vision for each type of asset which shows how they will contribute to Council objectives and service aims;• set targets for assessing progress, including the condition and suitability of each asset; and• describe an overall plan for achieving this.
P2	<p>To enable Property Services to deliver the Council's strategic goals, it needs to:</p> <ul style="list-style-type: none">• agree and articulate a clear strategic direction for asset management setting out what it intends to achieve in the short, medium and long term;• make certain its business plan covers all activity of the new service;• ensure the action plan is SMART¹ and focused on delivering outcomes; and• make sure that departmental plans and individual staff targets link to the business plan and corporate objectives to support their delivery.
P3	<p>Undertake a systematic rolling programme of condition and suitability assessments, to ensure that comprehensive information for all Council buildings is held within a single database.</p>
P4	<p>Formulating a long-term capital strategy, linked to achieving the aims of the asset management strategy. This should include a formal corporate approach to options appraisal for proposed capital projects.</p>
P5	<p>Review the current range of performance data and ensure a comprehensive range of appropriate outcome-focused measures is in place to manage service improvement in each service.</p>
P6	<p>Address weaknesses in the range and coverage of business plan reporting through the inclusion of comprehensive performance baselines, trend data, ranking data, budget performance, risk and benchmarking information.</p>
P7	<p>Ensure that asset information is up to date, complete, and held in a form which allows the production of appropriate management reports.</p>

¹ SMART is a mnemonic used to set project management objectives and/or Key Performance Indicators (KPIs) that support effective performance management. The letters broadly conform to the words Specific, Measurable, Attainable, Relevant and Timely.

Regeneration (issued September 2012)

- P1 Ensure that its Economic Development Strategy and Master Plan clearly relate to the relevant objectives in the Community Strategy and Improvement Objectives and to each other, to help the Council assess their contribution to its improvement programme and to achieving the Council's strategic priorities.
- P2 Prioritise its actions and, against those actions, consistently include more details regarding outcomes, targets, deadlines, resources, milestones, risk factors and mitigating actions, which can be used to monitor progress, measure success and establish improvement.
- P3 Strengthen the setting of outcomes and targets for regeneration schemes and projects, and ensure sufficient performance information is available to maintain monitoring and evaluation.
- P4 Include more details on time, budget and resources in regeneration documents such as project initiation documents to enable assessment of value and cost effectiveness.