



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Corporate Assessment Report 2015

Pembrokeshire County Council

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This Corporate Assessment Report has been prepared on behalf of the Auditor General for Wales by Colin Davies, Justine Morgan, Jeremy Evans, Gareth Lewis, Alison Lewis, Timothy Buckle, Huw Rees and Katherine Simmons under the direction of Jane Holownia.

Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

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Summary report

- 1 In 2013-14, staff of the Wales Audit Office began a four-year cycle of corporate assessments of improvement authorities in Wales. This means that, in addition to an annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each Council will receive an in-depth corporate assessment once during a four-year period. In the intervening years, we will keep track of developments and focus further assessment work on a number of key themes, developed in discussion with each Council.
- 2 We undertook our main Corporate Assessment fieldwork in Pembrokeshire County Council (the Council) during April 2015 and have been tracking progress since that time. We have focused on the extent to which the Council's arrangements are contributing to delivering improved service performance and outcomes for citizens.
- 3 The purpose of this Report is to provide a position statement of the Council's capacity and capability to deliver continuous improvement. It reports on the Council's track record of performance and outcomes as well as the key arrangements that are necessary to underpin improvements in services and functions. It does not aim to provide a comprehensive assessment of the performance of all of the Council's services.
- 4 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@audit.wales or writing to us at 24 Cathedral Road, Cardiff CF11 9LJ.
- 5 The Auditor General has concluded that the Council cannot yet provide adequate assurance that its arrangements are capable of delivering its priorities and improved outcomes for citizens. He reached this conclusion because the audit team found that:
 - a The Council is in the early stages of developing a new corporate strategy and organisational principles and, whilst it has arrangements in place to engage and inform, it has yet to connect with a broad cross section of its citizens:
 - the Council recognises the need for fundamental culture change and a radically new strategic approach and has appointed a strategic partner to provide it with the expertise and capacity necessary for the Council to drive forward a transformation agenda which is currently in the earliest stage of development; and
 - whilst the Council demonstrates a commitment to engage with and inform its citizens about its budget priorities and challenges, its arrangements for doing so have not yet connected with a broad cross section of people.

- b Weaknesses in governance arrangements and their application are leading to inefficiency, poor accountability and some lack of transparency in decision making:
- a lack of understanding of roles and responsibilities weakens governance and accountability;
 - decision making is not consistently transparent; and
 - the Council lacks effective arrangements to identify and address weaknesses in governance.
- c The Council does not have sufficient focus on its key strategic corporate functions to have assurance that it is optimising its use of resources:
- there is considerable scope to improve the Council's financial planning, management and decision making arrangements if they are to continue to serve the Council well in addressing the financial challenges it faces for 2015-16 and beyond;
 - the Council has a strong property portfolio and recognises the need to develop a more strategic approach to the management of its assets in order to support improvement priorities and achieve value for money, however, progress is too slow;
 - whilst staff value the arrangements in place for personal performance appraisal and learning and development, the HR function lacks the vision and capacity to fulfil a strategic corporate enabler role, and strategic workforce planning is underdeveloped; and
 - the Council's use of technology and information management functions provide generally effective support to services, although it is unclear how these enabler services are held to account for their performance by members.
- d The Council is working proactively with strategic partners to deliver improved outcomes for the citizens of Pembrokeshire:
- strategic partners are more positive about future collaborations as they observe a change in openness and culture within the Council; and
 - the Council is actively monitoring the performance of its strategic partnerships to evaluate progress in delivering improved outcomes for citizens in relation to Single Integrated Plan (SIP) priorities.

- e The Council has recognised the need to review its improvement planning and risk management arrangements in order for it to better demonstrate progress on corporate priorities whilst achieving necessary cost reductions:
 - the Council is reviewing its improvement planning approach to ensure that its corporate priorities are appropriately resourced and that progress towards their achievement can be measured and demonstrated; and
 - the Council is strengthening its arrangements for identifying and mitigating business risk.

- f The Council has achieved improvements in some key priority areas, improved its performance over the previous year, and improved in comparison with other Welsh Councils:
 - despite the increasing financial pressures, there have been improvements in the Council's priority areas, including waste management, environmental health, safeguarding, social services and education; and
 - the Council has improved its overall performance against the national indicators over the previous year and in comparison with other Welsh Councils.

Recommendations

- 6 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:
- a make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
 - b make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days;
 - c conduct a special inspection and publish a report and make recommendations; and
 - d recommend to Ministers of the Welsh Government that they provide assistance to the Council or intervene in some way.
- 7 The Auditor General makes the following recommendation for improvement:

Recommendation

- R1 The Council should develop a strategic plan that sets out a clear vision for the future delivery of its services within the financial constraints it faces over the medium term. This plan should consider and set out, with a clear timeframe, how the Council:
- intends to meet its service priorities, and achieve the cost reductions necessary over the medium term;
 - will consult and engage with its citizens to inform decision making in relation to service change proposals;
 - will evaluate and decide which business operating models provide the best options for delivering future services, incorporating assessment of the medium and long-term social and community risks of proposed spending cuts;
 - will ensure timely and robust scrutiny and other appropriate governance arrangements are put in place to manage and deliver change; and
 - post change, will monitor and scrutinise financial and service performance to ensure that cost reductions are being realised and agreed service standards and outcomes are being achieved.

Introduction

- 8 In 2013-14, staff of the Wales Audit Office began a four-year cycle of corporate assessments of improvement authorities in Wales. This means that, in addition to an annual programme of improvement studies and audits of councils' approaches to improvement planning and reporting, each Council will receive an in-depth corporate assessment once during a four-year period. In the intervening years, we will keep track of developments and focus further assessment work on a number of key themes, developed in discussion with each Council.
- 9 We undertook our main Corporate Assessment fieldwork in Pembrokeshire County Council (the Council) during April 2015 and have been tracking progress since that time. Whilst the corporate assessment does not aim to provide a comprehensive analysis of the performance of all of the Council's services, it reports on the Council's track record of performance and outcomes as well as the key arrangements that are necessary to underpin improvements in services and functions.
- 10 We have focused on the extent to which arrangements are contributing to delivering improved service performance and outcomes for citizens.
- 11 The corporate assessment sought to answer the following question:
'Is the Council capable of delivering its priorities and improved outcomes for citizens?'
- 12 The Corporate Assessment covers the following:
 - a Vision and strategic direction:
'Does the Council's vision and strategic direction support improvement?'
 - b Governance and accountability:
'Do the Council's governance and accountability arrangements support robust and effective decision making?'
 - c Use of resources:
'Is the Council managing its resources effectively to deliver its planned improvements in performance and outcomes?'
 - d Collaboration and partnerships:
'Are the Council's collaboration and partnership arrangements working effectively to deliver improved performance and outcomes?'
 - e Managing improvement:
'Is the Council effectively managing its improvement programme?'
 - f Performance and outcomes:
'Is the Council making progress on achieving its planned improvements in performance and outcomes?'

- 13 The conclusions in this report are based on the work carried out and, unless stated otherwise, reflect the situation at the point in time they were concluded.
- 14 In addition to this corporate assessment report, under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services¹.
- 15 We published our Annual Improvement Report 2014-15 for the Council in September 2015, and the report is available on our website www.audit.wales. The work to inform the report has also been undertaken by staff of the Wales Audit Office on behalf of the Auditor General. With help from Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (CSSIW), and the Welsh Language Commissioner, we brought together a picture of what the Council is trying to achieve, how it is going about it, and the progress it has made since the Auditor General published his last Annual Improvement Report in July 2014. Finally, taking all this into account, the Annual Improvement Report records the Auditor General's conclusion on whether the Council is likely to make arrangements to secure continuous improvement for 2015-16².

¹ Appendix 1 provides more information about the Auditor General's powers and duties under the Measure.

² This conclusion should not be seen as a definitive statement of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements in place are reasonably sound insofar as can be ascertained from the work carried out.

Detailed report

The Council cannot yet provide adequate assurance that its arrangements are capable of delivering its priorities and improved outcomes for citizens



The Council is in the early stages of developing a new corporate strategy and organisational principles and, whilst it has arrangements in place to engage and inform, it has yet to connect with a broad cross section of its citizens

The Council recognises the need for fundamental culture change and a radically new strategic approach and has appointed a strategic partner to provide it with the expertise and capacity necessary for the Council to drive forward a transformation agenda which is currently in the earliest stage of development

- 16 Politically, the Council is Independent led, and the current Leader has been in place since his election in May 2012. Whilst the Administration has no specific manifesto, or statement of intent, it played a fundamental role in the development of the Pembrokeshire SIP, for 2013-2018 that outlines the Local Service Board's³ vision of how the public, private and voluntary sectors can work together to improve the quality of life for the citizens of Pembrokeshire. The SIP, published in May 2013, sets out a long-term vision for the County which is intended to drive partnership work over the medium term.
- 17 The **Improvement Plan for 2015/16** (the Plan) is the Council's main forward looking document and sets out the areas of improvement it will be focusing on over the year and the rationale for doing so. Structured around the six key outcomes included in the SIP, the Plan identifies 5 Improvement Objectives for 2015-16 with their associated goals, which are underpinned by measures of success and actions to be delivered:
- a **'School Improvement** – We will challenge and support our schools to consistently improve learning outcomes and help children and young people reach their fullest potential, particularly at Key Stage 4 (GCSE).
 - b **Vulnerable children** – We will build the capacity of schools and services to enable vulnerable children and young people to be safe at home and in school and reach their potential.
 - c **Regeneration and Town Centres** – We will enable, facilitate and deliver schemes that contribute to a competitive, productive and sustainable economy.
 - d **Reconfiguring Adult Social Care Services** – We will continue to change how we provide adult social care services to improve efficiency and sustainability.
 - e **Tackling Poverty** – In line with Wales' national priority, we will take a Pembrokeshire wide, co-ordinated approach across all departments to help to prevent poverty, help people into work and mitigate the impacts of poverty.'

³ The body that brings together the leaders of the local public and voluntary sectors to take collective action to improve quality of life in Pembrokeshire.

- 18 Until relatively recently, the Council has had a stable management team, with a long-serving Chief Executive and senior managers. However, it had significant and well-publicised service and governance challenges and the former Chief Executive left in October 2014. Prior to his appointment to the post of Chief Executive in July 2015, the current Chief Executive was serving in the capacity of Acting Head of Paid Service. The Chief Executive has been tasked by Members to deliver an organisational restructure within three months. The need for this is evident as a result of recent turnover in respect of senior management team positions.
- 19 The Chief Executive has the support of his current management team, staff and the majority of elected members; and has a constructive working relationship with the Leader and Cabinet Members. There is a growing sense within the Council of opportunity and anticipation of an improved organisational culture and new direction, but also some frustration and uncertainty toward the current transition period and what will ensue.
- 20 Council staff that we spoke to as part of our assessment identified that leadership visibility and communication, openness and transparency, flexibility and team working were improving and having a positive effect on morale. However, a number of members and staff expressed a lack of clarity as to the vision and future direction of the Council. Whilst there was general understanding of the key financial and service performance challenges faced, there were clearly stated and consistent views that the Council's core principles are 'outdated' and that strategic plans needed to be revisited and revised, not least in light of the Well-being of Future Generations (Wales) Act 2015.
- 21 The Council's administration and new leadership team consider that the Council is now emerging from a period of transition into one of transformation, recognising the need to change the culture of the authority from one of autocratic management style with limited strategic planning, to a more collegiate approach to management, built upon openness and transparency and focussed upon the needs of and services for the Pembrokeshire communities.
- 22 This is a pivotal point for the Council. Whilst presented with an opportunity to drive significant improvement, the new leadership faces considerable challenges; not least in managing to deliver its priorities in an extended period of financial austerity and, critically, overcoming reputational damage and rebuilding confidence, both internally and externally. In our AIR for 2014-15, we concluded that the Council 'has been distracted by governance challenges which if unaddressed have the potential to limit the Council's ability to secure improvement in the coming year'.
- 23 In facing these challenges, a Transformation Group has been formed of staff from across the organisation to start to develop a 'blueprint' for a new, cost-effective target operating model although, at the time we conducted our assessment, there was limited visibility of the transformation agenda within the Council.

- 24 The Council has also taken the decision to strengthen its capacity by appointing a strategic partner. In October 2015, the Council announced the appointment of PricewaterhouseCoopers (PWC) to undertake an organisational health-check as part of an ongoing service and financial review to meet budget reduction targets. Given the current absence of a clear strategic vision, the Council will need to mitigate the risk that the strategic partner 'fills the void' before it properly considers and decides upon its preferred operating model for the future.

Whilst the Council demonstrates a commitment to engage with and inform its citizens about its budget priorities and challenges, its arrangements for doing so have not yet connected with a broad cross section of people

- 25 An early priority identified and actioned by the new Chief Executive, together with the Leader, has been consultation and engagement with citizens on what they want and need from the Council, and with staff on cultural and organisational change.
- 26 This year, the Council launched a public consultation process called **Pembrokeshire County Council is Changing** in order that ongoing engagement and feedback with residents and local communities should inform the development of a new vision and values, and the setting of improvement objectives and budget priorities for the Council. The first series of events were held in February and March of this year, attended by senior staff and councillors, with facilitation support being provided by Participation Cymru.
- 27 We are told by the Council that discussions held at each of these events were generally positive and constructive, although they drew some public criticism of the Council's leadership, management and governance. Given their timing, in that they took place at a time when serious governance issues relating to the departure of the former chief executive were being reported in the local and national press, such an expression of public concern was to be anticipated. Indeed, the Leader of the Council has made it clear that 'these events mark the beginning of our efforts to rebuild trust in the Authority and in local Councillors'.
- 28 This issue relating to 'negative press' regularly featured as an issue raised by staff and members during our corporate assessment work. There was clear frustration expressed by the majority of members and staff that we interviewed at what they perceived to be a selective and negative portrayal of the Council in the media, and a view that the Council was not being sufficiently proactive in promoting the good work that it does. There was a clear adverse impact upon morale within the Council. Whilst the leadership team considered that some of the media reporting had not been fully accurate, no attempt had been made to 'correct' media statements, rather the approach has been to 'ride the storm' and begin to combat negativity through changing behaviours, practising 'good governance', and using proactive press releases, and social media channels to promote the achievements of the Council.

- 29 A further series of **Pembrokeshire County Council is Changing** events were held during October 2015 providing the opportunity to consider the topics at the earlier events in more detail. These topics included:
- a How money is spent and savings are made
 - b Local democracy and decision making
 - c Our Towns
 - d Information and communication
- 30 Whilst the Council demonstrates a commitment to engage with and inform its citizens about its budget priorities and challenges, its arrangements for doing so have not yet connected with a broad cross section of residents. At the time we undertook our assessment, the audience at public consultation events had not been representative of all population groups living in the county. The Council recognises that it needs to do more to engage those 'harder to reach' groups, for example the young, those in poverty, and special interest groups.
- 31 Each year the Welsh Government undertakes a national survey to obtain the views of the people of Wales on a range of issues including health, education and local services. In the 2014-15 survey, 47 per cent of respondents agreed that the Council 'provided high quality services'. This was lower than the Welsh average and ranked the Council 15th among the 22 unitary authorities in Wales. The same survey showed that only 33 per cent of respondents (ranking 17th) agreed that the Council 'does all it can to improve my local area'.
- 32 To supplement this information and gather more qualitative information from the citizens of Pembrokeshire to inform our corporate assessment, we engaged via an electronic survey, **MyPembrokeshire**⁴, to get a better understanding of what people think of their Council and the services it provides. The overall balance of positive and negative views expressed by respondents in relation to the services provided by the Council was consistent with the national survey findings; many respondents citing waste and recycling services as good, whilst comments were more negative around highways, road maintenance and transport links; school reorganisation and changes to library services. Where respondents were positive about the services, generally they were not explicit about which services or why; however, respondents who were more negative were keen to express their views and many were particularly concerned with poor planning decisions; town regeneration, and cuts in front line services relating to the care of the vulnerable. Interestingly, very few citizens referred to the low council tax as positive, preferring instead to express the view they would like better front line services for citizens and those most in need and would be prepared pay a higher council tax to fund them.

⁴ Our **MyPembrokeshire** survey: As part of ensuring the citizens of Pembrokeshire County Council had an opportunity to have their say in our Corporate Assessment, online comments were received between 20 May 2015 and 20 June 2015, in relation to what people thought of their Council and the services it provides. We received nearly 500 responses which helped inform the conclusions of this report.

- 33 In terms of staff consultation, the Leader and new Chief Executive have held nine engagement sessions in May, June and September this year, which were attended by over 450 employees.
- 34 Staff were asked about how the Council currently operates, to obtain a mapped position and understanding of how staff feel; and looking to the future, staff were asked what the Council could do better. Intelligence gathered from the sessions was grouped into nine themes – communication; organisational structures; pay and remuneration; workforce planning; staff morale; public perception; contractors; customer expectations and behaviour; and elected members. Looking to the future staff also felt there was a need to improve IT to support more effective and innovative ways of working and more collaboration within and outside the Council.
- 35 As a result of this engagement the leadership team is encouraged by the grass-roots expertise and innovative cost-reduction ideas generated by staff, which can be utilised to help address the financial challenge faced by the Council. The feedback is being assimilated and will be used to develop an action plan. In September 2015, the Corporate Management Team met to consider the themes emerging from both the residents and staff engagement exercises and begin to shape what the Council's new organisational values should be.
- 36 Whilst there has been a difficult relationship between the Trade Unions (TUs) and the Council, the TUs are increasingly optimistic following the change in Chief Executive that relationships will improve over time.

Weaknesses in governance arrangements and their application are leading to inefficiency, poor accountability and a lack of transparency in decision making

A lack of understanding of roles and responsibilities weakens governance and accountability

- 37 The Council's Constitution sets out the terms of reference of committees, as well as procedure rules including financial and contract procedure rules and also includes protocols for member and officer codes of conduct as well as protocols on Member/Employee relations.
- 38 However, in practice we observed some confusion regarding the respective terms of reference of scrutiny committees with, for example, the same issue being raised at more than one scrutiny committee. This may in part be due to a lack of detail contained within the terms of reference of the Council's scrutiny committees. In addition, we are unclear why the Council considers it necessary to have a Corporate Governance Committee as well as an Audit Committee. Given that the Welsh Government has recently consulted⁵ on its proposal to amend the Local Government (Wales) Measure 2011 to clarify the responsibilities and remit of Audit Committees, rename them Corporate Governance and Audit Committees, and expand their independent membership, the Council may wish to consider reviewing and integrating the functions of the two committees as part of its current Constitutional review.
- 39 In our observations of scrutiny committee meetings we found that Members generally demonstrated a willingness to challenge, and a knowledge of the subject matter under discussion. There are also some examples of positive outcomes from the scrutiny process, including some call-ins that have resulted in changes to Cabinet decisions. However, the roles of members and officers are not always performed effectively in scrutiny. This is due, in part, to the purpose and role of scrutiny in considering many items being unclear. With no clear expectation of scrutiny, and no clear outcome arising, scrutiny adds little value from consideration of these items.
- 40 We found that the layout of scrutiny committees is clear and seating arrangements in relation to the Cabinet Member support accountability, with a clear demarcation between the Cabinet and Committee Members. However, whilst Cabinet Members have a standing invitation to attend the whole of scrutiny meetings, they are rarely asked questions or held to account. Rather their attendance seems to be largely as an observer, which does not provide a clear, public demonstration of their responsibility and role in being held to account.

⁵ Welsh Government, Devolution, Democracy and Delivery – White Paper, **Reforming Local Government: Power to Local People**, February 2015

- 41 The Council has not ensured that members and officers fully understand their roles and responsibilities in the governance of the authority. We found evidence of some gaps in, for example, procedural knowledge of some Members in relation to their specific roles. It is also not clear, for example, who is responsible for presenting findings on behalf of scrutiny committees either to the Executive or back to the Committee. We found that responsibility and accountability of officers for key governance functions, such as scrutiny support and member training and development, were also not clear in practice.

Decision making is not consistently transparent

- 42 The Council's stated ambitions to improve the quality of services and facilities for the benefit of the citizens of Pembrokeshire are, for the most part, shared across all political groups. However, a legacy of having presided over what have been turbulent and challenging governance issues in the recent past is that some members lack trust in the Leader and Cabinet, and perceive there to be a remaining lack of openness and transparency in relation to the Council's decision making processes, which has also impacted upon member officer relationships. It is also clear from the findings of our **MyPembrokeshire** survey, that the issues of trust and transparency are of concern to a number of those citizens who responded to our question '**What do you think of your Council?**'
- 43 The Council's **Annual Governance Statement 2014-15**, approved in September 2015, identifies member/officer relations as one of the significant governance issues, with the highest priority for improvement stating that 'Behaviours could impact upon decision making, which could result in objectives not being achieved and a decline in performance.' Key actions identified by the Council, to be implemented during 2015-16 in order to mitigate the issue, include clear demarcation of member and officer roles, an information sharing protocol and regular briefings for members on critical issues.
- 44 Following our observation of a Cabinet meeting which took place during our fieldwork in April 2015, we formed the view that some positive progress is being made in this respect. Notices of motion put forward were subject to a full and considered discussion. The conduct of the meeting was business-like, focussing appropriately on the decisions in hand, with the Leader and Cabinet Members each taking the lead in presenting issues, and facilitating full discussion and debate. Key points arising were either clarified or, where appropriate, there was recorded agreement to take these into account.

- 45 However, a number of officers and members that we spoke to referred to continuing, if isolated, examples where they considered that behaviours were inappropriate and unhelpful. Whilst the Council's Constitution is clear about the behaviour expected of elected members and officers, we consider that this expectation is capable of being managed more proactively by the Standards Committee with additional support from the Monitoring Officer.
- 46 There are other aspects of the Council's governance arrangements which do not support consistent transparency in decision making. For example there is a lack of a clear process for scrutiny committees to report to Cabinet, and for Cabinet to subsequently respond to scrutiny reports. We also found that forward work programmes for Overview and Scrutiny committees and the Cabinet are not easily accessible on the Council's website and that they contain limited detail regarding the nature and purpose of forthcoming items.
- 47 The Council has recently strengthened arrangements to ensure that reports to Cabinet include legal and financial comments, although scrutiny and Council reports are not subject to this process. There are, however, examples of agenda items sometimes featuring on committee agendas as 'verbal' updates without any written reports attached. This practice is not transparent as it does not indicate in advance the specific nature of the item, the source of any relevant information or any applicable recommendations that will be considered. Neither does it allow, for example, for legal or financial commentary on the items to be discussed.
- 48 We noted a number of reports to scrutiny committees and Council that did not include any reference to background papers. We also found examples of some reports that lacked sufficient information to effectively inform decision making, including some reports of scrutiny committees that do not set out the rationale and evidence base for their recommendations to the Executive.
- 49 The Council's scrutiny committees have engaged with external organisations and the Council has developed a means to enable the public to suggest topics for scrutiny and/or provide views on items under consideration by scrutiny committees. However, despite the Council recognising the need to engage the public in scrutiny, including in previous annual reports of scrutiny committees, there has been little progress in taking this forward. For example, no pro-active engagement with the public as part of scrutiny enquiries has taken place.
- 50 We also found that the registers of decisions taken by Senior Officers for some service areas have not been kept up to date on the Council's website, and of those that are listed the level of information provided is variable. There is a lack of clarity as to whether or not the decisions delegated to officers are subject to call-in, a situation that is likely to lead to confusion.

The Council lacks effective arrangements to identify and address weaknesses in governance

- 51 The Council has made some progress in responding to previously identified weaknesses in its scrutiny arrangements such as the appointment of a scrutiny support team and alterations to scrutiny committee seating arrangements. However the Council has not addressed a number of the actions in its Action Plan developed following a review of its scrutiny arrangements by the Centre for Public Scrutiny (report published January 2014), for example, to improve forward work programming and enhance the role of the scrutiny support team.
- 52 We noted some considerable frustration within the Council in relation to the slow progress being made in completing a review of its Constitution which has been ongoing for two years. Having appointed an external consultant to expedite matters, a revised draft Constitution is now being considered by the Monitoring Officer with a view to recommending its adoption in the near future. In the meanwhile, intended improvements in governance arrangements are on hold. For example, while some public meetings of the Council are well-attended, members of the public are not yet able to ask questions.

The Council does not have sufficient focus on its key strategic corporate functions to have assurance that it is optimising its use of resources

There is considerable scope to improve the Council's financial planning, management and decision making arrangements if they are to continue to serve the Council well in addressing the financial challenges it faces for 2015-16 and beyond

- 53 In our **Financial Planning Assessment Report**, published in December 2014, we reported that 'the Council has generally robust, if rather traditional, financial management arrangements that have served it well, and it is developing a longer-term strategic view although members are not sufficiently involved in the planning and monitoring of the cost reduction/income generation plans'. We reached this conclusion because we found that:
- a The Council has a good track record in delivering identified cost reduction measures within year against the planned actions it approved, although it did not report against specific savings proposals making it difficult to identify areas that achieved the cost-reduction targets and those that did not.
 - b The Council's corporate framework for financial planning has served it well, although links between financial plans and improvement plans could be clearer; the Council is now extending its approach providing a more strategic view better suited to the escalating financial challenges that it faces.
 - c The Council's financial management and control arrangements are being effectively managed, although an issue arose in 2014 which delayed our ability to sign off the 2013-14 accounts and resulted in the inclusion of an emphasis of matter paragraph in our audit report.
 - d The Council's financial governance arrangements to review and challenge performance are adequate but links between financial and service performance are not clear. This makes it difficult to assess the value for money being provided by the Council's services.
 - e Members are not involved enough in monitoring progress towards achieving planned cost reductions. They are also not provided with enough information about poorly performing areas limiting their ability to challenge services. However, the Council's current savings plans for 2014-15 are fit for purpose and are generally being effectively managed.
 - f The Council has efficiency savings plans in place for 2015-16 and 2016-17 but new funding cuts have placed additional pressure to identify further savings and some difficult decisions will need to be made.

- 54 Our report included four proposals for improvement to be considered by the Council which, if implemented, would result in clearer links between financial and service improvement planning and reporting, improved financial management information and closer involvement of Members in monitoring and challenging progress against savings plans. We are currently following this work up for 2015-16.
- 55 Subsequently, the Council delivered its planned budget outturn position for the 2014-15 financial year, spending £207.214 million against a revised budget of £207.256 million. The Council stated in its 2014-15 Outturn Monitoring report (July 2015) that it achieved its cost reduction target of £12.9 million. However, once again, a 'line by line' savings achieved against plan was not provided making it difficult to identify areas that achieved the cost reduction targets and those that did not.
- 56 We note that, in September 2015, Cabinet was presented with an update/ monitoring report for Quarter 1 (April to June) of 2015-16. The format and content have been revised by officers in order to better integrate reporting and monitoring of budget, internal control, business risk management and performance data for 2015-16 and beyond. The report contains a wide range of information including revenue and capital budget outturn by service, agreed cost reduction targets by directorate (with Red, Amber, Green (RAG) ratings as to their assessed likelihood of achievement by the year-end), identified corporate risks, and analysis of performance in relation to national and local measures. The information is supported and supplemented by written commentary provided by Directors, which includes reference to progress in achieving improvement objectives.
- 57 The minutes of the September Cabinet meeting record only the decision to receive the monitoring report. The discussion of its content is not recorded, however, being one of many items on the agenda of a less than two-hour long meeting, any discussion is unlikely to have been wide ranging. Within the report the Chief Finance Officer recognises that, being the first report in this format, the level of integration is limited but is expected to evolve over time.
- 58 The information brought together in this quarterly monitoring report provides a useful means to facilitate more effective scrutiny and challenge in order to drive improvement. However, if the means is indeed to help achieve the end, the Council will need to consider and clarify:
- a the member groups (for example: Cabinet; Audit Committee; Scrutiny Committee) to which it is reported;
 - b the purpose of the agenda item and the role of the group in relation to it;
 - c the decisions or recommendations required; and
 - d the time and any support resources afforded to its consideration.

- 59 As well as delivering its services within budget, the Council needs to address projected budget deficits over the coming financial years through planned efficiencies and service redesign. To date, only limited progress has been made in developing a comprehensive Medium Term Financial Plan (MTFP). At the time we conducted our corporate assessment fieldwork in April 2015, we were provided with a series of spreadsheets, representing a **Summary MTFP** covering the five-year period 2015-16 to 2019-20. This contained a technical, numerical analysis (which appeared to be based upon reasonable assumptions) which identified forward looking projections for each year of the overall Council Budget, anticipated Welsh Government funding, and the consequential level of cost reductions required assuming an increase in Council Tax of 4.5 per cent per annum. It contained no further information, for example, as to the strategy to be followed in order to achieve the cost reductions necessary.
- 60 The **Summary MTFP** identifies the scale of the cost reduction/efficiency targets that the Council needs to deliver in order for it to set a balanced budget each year (assuming an annual increase in Council Tax of 4.5 per cent) and, cumulatively, these amount to a reduction in the Council's revenue budget of over £50 million over the next five years (see [Exhibit 1](#)).

Exhibit 1: Pembrokeshire County Council Cost Reduction Targets to 2019-20

Summary MTFP	2015-16 £ million	2016-17 £ million	2017-18 £ million	2018-19 £ million	2019-20 £ million
Identified Budget Gap	12.3	15.4	11.4	10.8	10.9
Increased Council Tax	2.2	1.9	2.0	2.1	2.2
Annual Cost reduction targets	10.1	13.5	9.4	8.7	8.7
Cumulative cost reduction target	10.1	23.6	33.0	41.7	50.4

Source: Pembrokeshire County Council: Summary Medium Term Financial Plan

- 61 The Cabinet's budget report to Full Council of 5 March 2015 contained a section entitled Summary Medium Term Financial Plan 2015-16 to 2017-18 ie, over a three year period setting out similar information albeit in a more 'user friendly' style. The budget report set out a limited level of detail in respect of how the £10.1 million cost reduction/efficiency target for 2015-16 was targeted to be achieved by service/project, although these proposals had been presented to and discussed with members and scrutiny committees prior to the budget decision.
- 62 There are, as yet, no details of how cost reduction/efficiency targets for future years will be achieved. However, the budget report stated that: 'Delivery of the £12.9m cost reduction/efficiency programme for 2014-15 has been challenging. The scale of the challenge ahead is such that a whole range of new and sustainable cost reductions/efficiencies will need to be identified, developed and delivered within a short timescale to ensure full year savings are achieved. All Council services, whether customer facing or support, will be considered to ascertain whether cost reductions and/or efficiencies can be achieved.'
- 63 The Council's **Annual Governance Statement 2014-15** identifies Financial Challenges as being a 'Significant Governance Issue' and identifies key actions for 2015-16 as being:
- a completion of a five-year MTFP 2015-16 to 2019-20;
 - b identification and achievement of cost reductions/efficiencies to ensure future balanced budgets;
 - c working with a strategic partner; and
 - d budget consultation and engagement exercises with Members, employees and the community.
- 64 The Council held a Members Seminar in September 2015 to begin the process of sharing information and discussing issues relating to the 2016-17 Budget and the MTFP. We understand that group leaders are to attend two further sessions, the first to receive (from officers) detailed 'in principle' proposals to balance the budget, and the second, to receive their proposals to do the same.
- 65 We consider that there is considerable scope, and some urgency to further develop the Council's financial planning and management arrangements if they are to continue to serve the Council well given the scale of the identified financial challenges beyond 2015-16:
- a whilst the Council's Summary MTFP is broadly fit for purpose in terms of identifying the budget 'gap', the Council has yet to develop a long-term vision and co-ordinated strategy for alternative service design as a framework to

develop the radical changes in service delivery necessary to reflect anticipated reductions in local government finances;

- b the Council is monitoring budget spend effectively but has only recently introduced 'integrated reporting' and there has been no robust scrutiny or challenge of the achievement of specific cost reductions/savings or of any consequent impact upon service standards and outcomes as yet;
 - c the current savings plans focus predominantly on cost-reduction rather than cost effectiveness and value for money, and the further in-year savings required of £13.5 million in 2016-17 and £9 million per annum in subsequent years are yet to be defined; and
 - d overall useable reserves offer only limited flexibility to maintain a balanced budget if savings plans fall short or if there is significant slippage on the budget, or to support any 'invest to save' initiatives.
- 66 We understand why the Council has taken the decision that it needs to commission external support to help design, co-ordinate and deliver its transformational programme. It will also need to develop the skillsets and capacity of members and senior managers to robustly challenge financial and service performance, and ensure its governance arrangements are appropriately robust to deliver good and timely decision making.

The Council has a strong property portfolio and recognises the need to develop a more strategic approach to the management of its assets in order to support improvement priorities and achieve value for money, however, progress is too slow

- 67 The Council has a strong property portfolio across a range of assets, for example an airport, farms, harbours, leisure centres, libraries, schools, and commercial and residential property. The Council's asset management plan identifies a total of 1,680 property assets, 500 of which it describes as being 'significant buildings'. These include operational assets such as leisure centres, schools, libraries, tourist information centres, administrative buildings, and customer service centres. In addition there are approximately 6,800 council-housing properties. These are generally well maintained, having benefited from years of long-term planned and cyclical maintenance and financial investment, and the Council has a good track record of monitoring and managing CO₂ emissions.
- 68 A Corporate Land and Building Strategy (AMP) has been in place since 2013, and is supported by a programme of capital works that is intended to ensure that its buildings and services are maintained appropriately.

- 69 The Council in its Annual Governance Statement has identified asset management as a significant governance issue. Internal audit reviews for two consecutive years have only provided a limited assurance opinion on asset management. In both years, the Wales Audit Office, as part of its external audit of the fixed assets within the Statement of Accounts, has required a significant number of amendments to be made to valuations. The Council has identified a need for the property and asset management service to work with the Finance service, the Audit Committee and the Wales Audit Office to address the internal control weaknesses identified.
- 70 The current approach to asset management is cross-cutting across directorates. For example, facilities management and 21st century schools sit with the former Deputy Chief Executive; leisure centres sit with the Director of Social Services; new school buildings sit with the Director of Education; and planned maintenance is overseen by the Director of Transport, Housing and Environment. The Corporate Management team seeks to provide collegiate oversight of asset-related matters, although this approach is not always effective.
- 71 Within the Development Directorate, specialist officers are taking a business-like approach to the management of the Council's assets, for example, when reviewing its long-term lease agreements, it is taking a commercial approach to setting the rental levels rather than pepper-corn rents and it is not undertaking 'fit out' work or undertaking repairs when there is no legal requirement to do so under the terms of the lease. However, maintaining this approach is challenging where responsibility for assets is straddled across five different directorates.
- 72 We note that, to date, there are few examples where Council assets have been utilised to secure cost reductions, and it is unclear how asset management 'fits' within the MTFP.
- 73 Recognising the need for a more strategic and 'value-for-money' approach to the acquisition, management and disposal of Council assets, Cabinet recommended (in December 2014) the establishment of a member/officer strategic asset management working group to develop and take forward such an approach. However, this working group has not yet convened even though there was a target for it to do so by March 2015. This is delaying progress in key tasks which are intended to be delivered by the working group including the development of:
- a a revised strategic asset management plan 2015-16 to 2019-20 and associated action plan in order to better manage the Council's property assets whilst maximising revenue savings and capital receipts, and
 - b Service Asset Management Plans (SAMPs) in order to create a framework for directorates to better facilitate a more co-ordinated and planned approach to managing its assets.

Whilst staff value the arrangements in place for personal performance appraisal and learning and development, the HR function lacks the vision and capacity to fulfil a strategic corporate enabler role, and strategic workforce planning is underdeveloped

- 74 There is no HR Strategy in place which limits the ability of the HR team to move forward and develop the service from a traditional, reactive personnel department to a proactive business partner working strategically to effectively manage and utilise the Council's workforce. There is a lack of consistency, between the HR Advisors, regarding the work they actually do. This inconsistency arises from a lack of direction, particularly concerning where the line sits between the HR Advisors and the line managers they support on HR operational tasks.
- 75 We identified a consistent view, held within the HR service itself and by those receiving its services, that capacity issues mean that its focus is upon delivery of transactional tasks to the detriment of delivering its expected role as an enabling partner, supporting managers to manage. This is having an impact particularly where services are remodelling their provision. To address this, the HR service is planning to improve capacity by taking on additional resource and redesigning its lines of reporting. There are limited performance measures to evaluate the effectiveness of the HR service and the service is not subject to any member scrutiny process.
- 76 Conversely, the Learning & Development (L&D) team have a clear strategy and have developed performance measures (although not subject to member scrutiny), and are adopting some innovative approaches. However, contact between the L&D and HR teams is limited, which affects the relationship between the two teams, making the delivery of people management themes less effective. Staff we spoke to were positive about the L&D taking place in the Council and pleased it still takes place in light of the budget pressures. The L&D team have reviewed their service and refocused their delivery to meet the needs of the organisation. Time spent away from the workplace attending training has been reduced by an increased use of e-learning and blended learning – this was a direct response to the Council's need to reduce costs and increase efficiency.
- 77 The Council has an effective induction process supported by engaging and useful materials and has improved its performance appraisal process, which has met with wide-scale approval. There is a clear link between the Council's priorities and employees' individual personal objectives. Standards of behaviour have been created for employees and managers and a review of these is incorporated into the appraisal document. The Council has not done any work on the quality of the performance appraisals completed, the intention is to review and update the process and materials to increase completion rates. The L&D team will then look at the quality issue.

- 78 Approaches to workforce planning vary across directorates, being particularly strong in social care, as is their learning and development programme. However, there is no formal, consistent workforce planning process in place across the Council, despite the Corporate Management team agreeing in May 2014 that workforce planning templates would be in place by April 2015.
- 79 Since November 2014, the Head of HR has been attending Corporate Management Team meetings to help it to assess any HR implications arising in relation to its deliberations and decisions. In addition, the Head of HR contributes to Cabinet reports in relation to any HR implications in order to better inform decision making. HR and L&D are represented on the Transformation Group to maintain sight of the need to embed a consistent approach to the leadership, management and development of staff in their consideration and development of a new 'target operating model'.

The Council's use of technology and information management functions provide generally effective support to services, although it is unclear how these enabler services are held to account for their performance by members

- 80 The Council has recently approved its ICT Strategy which reinforces the strategic direction for its technology and information functions, although it does not clearly reflect the national ICT strategy for Wales or the work it is undertaking as part of the regional ICT group. Recent changes include the formation of a partnership with Carmarthenshire County Council. With the creation of the partnership, the role of Head of ICT became a joint post, being charged with producing a business case that supports, or otherwise, the case for a single ICT service.
- 81 The Council has sound officer governance arrangements for technology and information management. The Information Security Forum is well established and includes the right range of representation from around the organisation. Information Asset Owners have been appointed and trained. Templates have been developed to aid the identification and notification of information risks and links have been made to departmental risk registers.
- 82 However, member scrutiny and challenge of technology and information management performance remain largely absent with no clear performance management arrangements or scrutiny routes for most areas. Some information reports, for example, Freedom of Information requests, are submitted to Audit Committee but it is unclear whether this is the correct forum for other information and technology reports.

- 83 The Council has refreshed its website and launched the **My Account** service to support its citizens to access Council services remotely. This is a user-authenticated service providing a range of information tailored to user need, for example, in relation to waste collections, access to cashless school meals, council tax accounts etc. Take-up by citizens has been positive, with several thousand users. The Council has maintained its PCI standard⁶ accreditation enabling citizens to pay for services online.
- 84 The Council's business analysis process undertaken by the Head of ICT has identified a number of areas where ICT/technology can support efficiencies. For example, the agile working arrangement for children's services enables social workers to be issued a laptop with communication software, and supplied with appropriate training. This is a pilot and the lessons learnt will be used to evolve and drive forward similar initiatives in other areas of the Council.
- 85 The Council is beginning to see the benefits of implementing its electronic document and records management system (EDRMS), by freeing up office space, enabling more agile working and streamlining service delivery through the provision of information in a timely way.
- 86 However, capacity to support and continue the implementation of the combined HR and Payroll system seems limited, with both HR and L&D giving examples where broader use would help drive efficiencies. It is understood that the project is to be reviewed shortly.
- 87 Information management training has been improved and refreshed – all training deliveries are recorded either within the online training system or in the HR record. Training has been delivered to the majority of staff and further training deliveries are planned.

⁶ The PCI Data Security Standard (PCI DSS) provides an actionable framework for developing a robust payment card data security process including prevention, detection and appropriate reaction to security incidents.

The Council is working proactively with strategic partners to deliver improved outcomes for the citizens of Pembrokeshire

- 88 The Wales Audit Office undertook a review of partnership working arrangements in early January 2015 and we supplemented this review with additional work, focusing on the views of partners, as part of the Council's Corporate Assessment in April 2015. Our work sought to establish whether the Council's collaboration and partnership arrangements worked effectively to deliver improved performance and outcomes.

Strategic partners are more positive about future collaborations as they observe a change in openness and culture within the Council

- 89 Whilst the Local Service Board (LSB) is less developed in Pembrokeshire than in other parts of Wales, the new Senior Management Team is working proactively with its partners to address this, in support of a shared and more open agenda.
- 90 The Chief Executive has broadened the membership of the LSB to include the Milford Haven Port Authority and the Pembrokeshire Coast National Park Authority. These partners, and others such as PLANED, have observed and welcomed the Council's change in its approach and feel more engaged and positive about contributing to current and future collaborations.

The Council is actively monitoring the performance of its strategic partnerships to evaluate progress in delivering improved outcomes for citizens in relation to SIP priorities

- 91 The Council and the LSB monitor the delivery of the SIP, using a Results Based Accountability (RBA) score card system based around SIP themes. SIP themes are presented to the Council's Overview and Scrutiny Committees where they are subject to further challenge. This provides a broader awareness of SIP progress amongst elected members.
- 92 The Council has identified that its monitoring and evaluation of smaller, less strategic collaborations and partnerships need to improve and has begun to map all partnership arrangements.
- 93 Two of the Council's strategic partnerships and collaborations in relation to adult social care, looked at as part of our work, are delivering some improved outcomes for citizens, namely:
- a Crymych Extra Care facility; and
 - b Pembrokeshire Intermediate Voluntary Organisation Team, known as PIVOT.

- 94 The former provides extra care housing in the north of the county, in partnership with Family Housing Association and the local university health board, Hywel Dda. The facility offers a new day centre, supported housing for the elderly, as a 'core and cluster' provision, and medical resources from an integrated hub. Whilst many years in the planning, it provides a valued resource to rural parts of north Pembrokeshire.
- 95 The latter PIVOT project was set up in July 2014 to help people move back home from hospital more efficiently and address the Council and Health Board's delayed transfer of care performance. PIVOT is a collaboration between five, third-sector organisations – Pembrokeshire Association of Community Transport Organisations (PACTO), Royal Voluntary Service (RVS), Age Cymru Pembrokeshire, British Red Cross and Pembrokeshire Care and Repair. The management of the collaboration and reporting on its performance is undertaken by the Pembrokeshire Association of Voluntary Services (PAVS).
- 96 PIVOT is a seven-day service, from 9am to 10pm, with a single telephone number to access the service. There are three 'strands' to the service – transport, caseworkers and rapid response adaptations. In the first six months of the project it has dealt with 164 referrals, of these only two clients have been re-referred to the service, due to re-admittance to hospital.
- 97 In addition, within Adult Social Care, the Joint Commissioning Hub is providing:
- a a framework to the Council in relation to the services it commissions from suppliers;
 - b clarity on what is being spent and what services are being provided; and
 - c the opportunity to develop new services in partnership, such as PIVOT with the third sector.
- 98 All contracts are held centrally, providing the Council with effective oversight and control of service quality, outcomes and spend. This programme is set to explore additional areas of service delivery, for example through a Market Position Statement. The collaboration is currently looking at older people and older people with dementia and plans to look at other service user groups, including children and young people, in the future. The contract approach is welcomed by the third sector, considering that it puts their services on the same status as those from other providers and gives them the quality stamp they need.

The Council has recognised the need to review its improvement planning and risk management arrangements in order for it to better demonstrate progress on corporate priorities whilst achieving necessary cost reductions

The Council is reviewing its improvement planning approach to ensure that its corporate priorities are appropriately resourced and that progress towards their achievement can be measured and demonstrated

- 99 The Council has discharged its improvement planning and reporting duties under the Measure and has acted in accordance with Welsh Government guidance and has done so for a number of years (see [Appendix 2](#)). The Council places adverts in the local press to highlight publication of its plans and performance reports, which are relatively easy to find and access via the Council's website, and hard copies are available in libraries.
- 100 Over time, the Council's approach to setting its improvement objectives has evolved. In 2010-11, the Council set 26 improvement objectives that mirrored the Community Plan in existence at that time. Successive years have seen the number of improvement objectives reduce as the Council has sought to communicate a clearer purpose and direction for the organisation. In each of the last three years, the Council has set five service-based objectives, and links with the SIP and its key outcomes have become more targeted in relation to these service areas. However, the Council has also adopted improvement objectives in areas where it has comparatively less direct influence, for instance, in relation to regeneration and poverty. The Council recognises that it has found it more difficult to demonstrate improvements in these latter areas.
- 101 This is borne out by the findings of our most recent annual performance assessment. As part of our work, we looked at two of the Council's improvement objectives to evaluate whether the Council's annual public performance report was fair and balanced in the way it portrayed the Council's progress:
- a improving the environment, and
 - b improving the viability and vitality of its six main towns.
- 102 Our work identified a mixed picture. The Council has a good selection of measures to support its waste management performance. These measures and the underlying data are actively used to manage the service and design mechanisms for effective public contact. This data provides the Council with a valuable resource supporting both an accurate evaluation of its progress and a fair and balanced portrayal of performance in this area within its public report. However, we found the evaluation of progress of the Town Team initiative to be limited by a lack of appropriate performance and outcome measures. This, together with a lack of effective engagement with partners and insufficient participation by service-based staff in the drafting of the public report significantly weakened the Council's reporting of performance against this improvement objective.

- 103 The Council is in the process of developing its improvement objectives for 2016-17 and is reviewing its approach in light of the issues outlined above. Other drivers for a changed approach include the revised organisational values currently being developed; public consultation responses, significant budgetary pressures and preparation to comply with new legislative requirements being introduced by the Well-being of Future Generations (Wales) Act 2015. Whilst further work is needed, it is likely that this process will lead to a mix of service-based (linked to the SIP) and process-based (to achieve organisational transformation and cost reduction) improvement objectives. It will be important for the Council to have assurance that its emerging improvement objectives are genuine corporate priorities, which are adequately resourced including the processes required for monitoring and measuring success.
- 104 In order to drive achievement of its improvement plans, the Council has an established performance management framework which includes performance monitoring and challenge processes and a self-evaluation model. Managerially, service performance exceptions are reported to CMT after departmental processes have taken place and there is evidence that this approach has enabled performance issues to be addressed.
- 105 Nonetheless, there are opportunities for the Council to review and improve its performance management arrangements. As we have commented elsewhere in this report, there are currently no performance measures for corporate services such as HR and there is limited challenge of the performance of such key corporate functions. There has also been slippage in providing scrutiny with quarterly performance reports, including both service performance and financial budget updates, which has impacted on their ability to scrutinise performance and hold officers to account. Furthermore, scrutiny members find the performance reports difficult to understand, weakening their ability to scrutinise effectively, and limiting the impact of this key element of the performance management process.

The Council is strengthening its arrangements for identifying and mitigating business risk

- 106 The Council's Business Risk Strategy was approved by the Audit Committee in 2013 and reviewed again in 2014, to strengthen the risk management framework and establish an approved view of the acceptable level of risk. The Council has further developed its approach to risk management this year, establishing a range of groups with clear roles and responsibilities in relation to the identification, mitigation and monitoring of business risks. To drive improvement the Council has developed a business risk management action plan, assigning responsible officers; and has appointed a qualified Business Risk Manager to provide additional expertise and capacity.
- 107 A Corporate Risk Management Group comprising representatives from each Department, normally a Head of Service, meets quarterly. This group's function is to review the Corporate Risk register and act as a conduit to the Corporate Management Team and to Departmental Managers. In addition, a Cabinet Member attends, providing Member oversight of all major risk areas.
- 108 Recognising a need to better identify service level risks and raise awareness of risk management throughout the Council, an operational risk group has been established. Members of this group are 'championing' risk management within the organisation and providing additional capacity to support departmental arrangements.
- 109 A business risk management workshop has been held with the Audit Committee, however, the Audit Committee is not yet fully discharging its responsibilities in relation to risk management. It is not reviewing the corporate risk register regularly enough in order to challenge its content nor is it informing Overview and Scrutiny Committees of risks that affect their service areas, limiting their ability to consider risk areas as they develop their forward work programmes. The Council is taking this forward as a priority action.

The Council has achieved improvements in some key priority areas, improved its performance over the previous year, and improved in comparison with other Welsh councils

110 This section of the report considers whether the Council is making progress on achieving its planned improvements in service performance and outcomes.

Despite the increasing financial pressures, there have been improvements in the Council's priority areas, including waste management, environmental health, safeguarding, social services and education

111 We published our Annual Improvement Report 2014-15 for the Council in September 2015, and this set out in some detail the progress made by the Council in relation to its improvement objectives drawing upon our own work, and that of the other Welsh inspectorates, Estyn (for education), the Care and Social Services Inspectorate for Wales (CSSIW), and the Welsh Language Commissioner. We concluded that 'despite the increasing financial pressures, there have been improvements in the Council's priority areas, including waste management, environmental health, safeguarding, social services and education'. We reached this conclusion because:

- a as a result of its regulatory work with the Council, Estyn reported that:
 - the Council has made sufficient progress in relation to the recommendations following its inspection in October 2012 to be no longer in need of special measures;
 - the Pembrokeshire Adult Community Learning Partnership's current performance is good, and its prospects for improvement are adequate; and
 - the Pembrokeshire Pupil Referral Unit has made sufficient progress in relation to the recommendations following its inspection in March 2012 to enable it to be removed from the list of pupil referral units requiring significant improvement.
- b the CSSIW reported that there had been sustained improvement in the Council's social services during the year;
- c the Welsh Language Commissioner reported that the Council has established a working group to fulfil its duties under the 'More than Words' framework and successfully piloted a new Welsh-language training package;
- d and, based upon our own improvement assessment work carried out during 2014-15, we reported that:
 - the Council has delivered on its ambitions for the environment by continuing to exceed national targets for the proportion of waste recycled and the amount of waste sent to landfill;

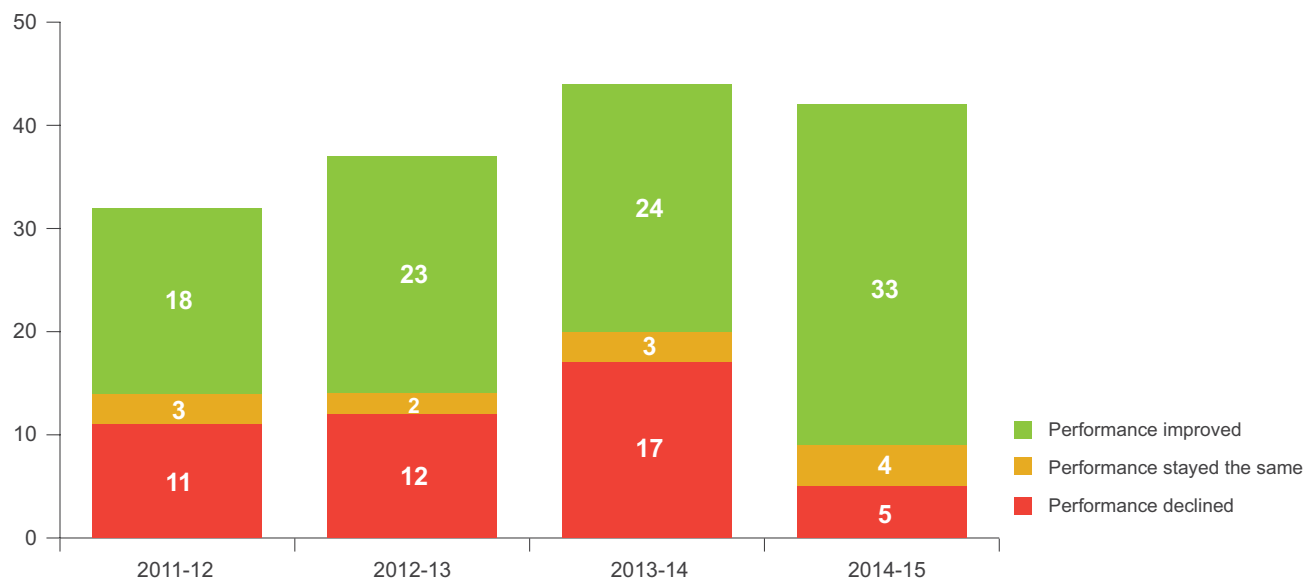
- whilst the Council has supported schemes to improve the viability and vitality of its six main towns, the lack of useful measures makes it difficult for the Council to accurately evaluate its successes; and
- the Council's performance in administering Discretionary Housing Payments is poor.

The Council has improved its overall performance against the national indicators over the previous year and in comparison with other Welsh Councils

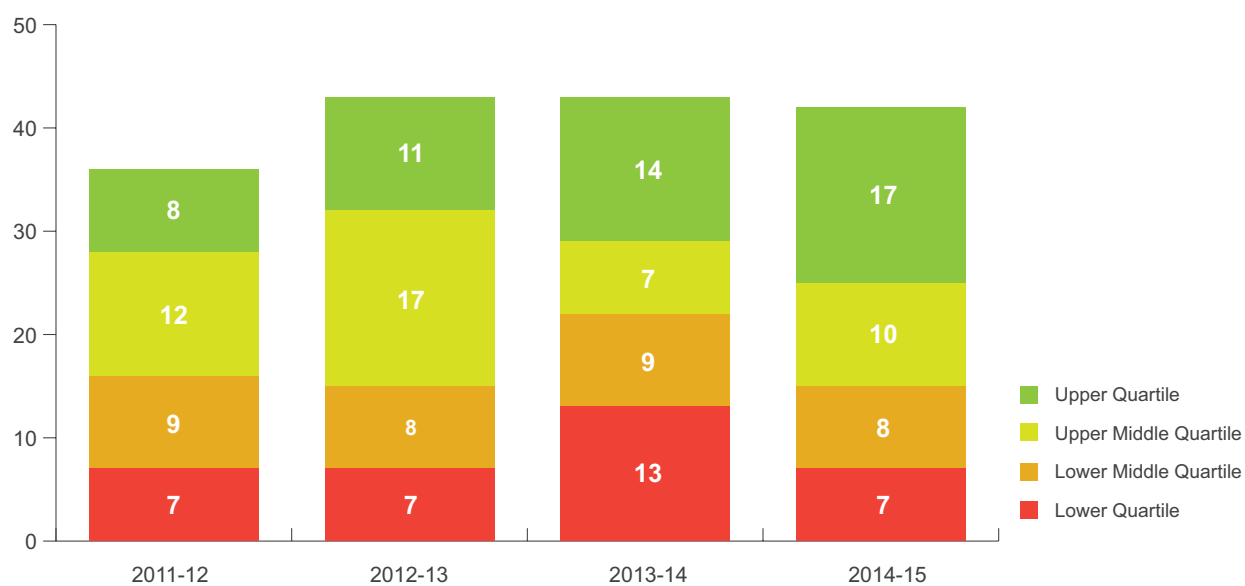
- 112 Our corporate assessment activity identified a clear sense of pride amongst members and staff in relation to the track record of strongly performing services over a number of years. However, there was an equal sense of disappointment expressed in relation to an overall deterioration in performance standards achieved by the Council in 2013-14, and to some specific service challenges faced, for example, in Education services.
- 113 Subsequently, in September 2015, the Welsh Government and Data Unit Wales have made available the final published 2014-15 National Strategic Indicators (NSIs) and Public Accountability Measures (PAMs) for all 22 Welsh Councils. This data shows that the Council has improved its measured performance over the previous year and in comparison with other Welsh Councils (see [Exhibit 2](#)).
- 114 The data shows that, during 2014-15, the Council's performance:
- improved in relation to 33 of its indicators (compared to 24 in 2013-14);
 - declined in relation to only 5 of its indicators (compared to 17 in 2013-14);
 - is 'upper quartile' in relation to 17 of its indicators (compared to 14 in 2013-14); and
 - is 'lower quartile' in relation to only 7 of its indicators (compared to 13 in 2013-14).
- 115 No particular service is responsible for these changes as all areas have improving and declining performance indicators.

Exhibit 2: The performance of Pembrokeshire – 2014-15 NSIs and PAMs

How has Pembrokeshire's performance changed over time?



How does Pembrokeshire's performance compare with the other councils of Wales?⁷



Source: Local Government Data Unit – Benchmarking Hub, September 2015

⁷ Better performing councils in Wales are represented in the Upper Quartile and poorer performing councils in Wales are represented in the Lower Quartile

116 In a report to Cabinet on 5 October 2015, officers noted the significant improvement in performance in relation to the NSIs compared to the previous year, but also highlighted a number of measures which they considered needed to be addressed because:

- a three are worse than the Welsh average and not improving; and
- b 10 are worse than the Welsh average although improving.

Some contextual information explaining the underperformance and actions proposed to address it were provided, and Cabinet endorsed an approach to monitoring statutory performance measures as a means of driving continuous improvement. Officers may wish to consider including PAMs within this approach/analysis in future.

Appendix 1 – Status of this report

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

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

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

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

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

Appendix 2 – Audit of Pembrokeshire County Council’s 2015-16 Improvement Plan

Certificate

I certify that I have audited Pembrokeshire County Council’s (the Council) Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas

Auditor General For Wales

CC: Leighton Andrews, Minister for Public Services

Colin Davies, Manager

Justine Morgan, Performance Audit Lead

Wales Audit Office

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru