

## Pembrokeshire County Council

### Audit Summary 2021

This is our audit summary for Pembrokeshire County Council. It shows the work completed since the last Annual Improvement Report which was issued in September 2019. This Audit Summary covers the period from September 2019 to March 2022. Our audit summary forms part of the Auditor General for Wales' duties.

More information about these duties can be found on our [website](#).



## About the Council

### Some of the services the Council provides



#### Key facts

The Council is made up of 60 councillors who represent the following political parties:

- Not affiliated to any group 21
- Independent Group 13
- Conservative 11
- Labour 7
- Plaid Cymru 6
- Liberal Democrat 1
- UK Independence Party 1

The Council spent £255.4 million on providing services<sup>1</sup> during 2020-21, the eighth highest spending of the 22 unitary councils in Wales.

<sup>1</sup> We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

## Key facts

As at 31 March 2021, the Council had £62.6 million of useable financial reserves<sup>2</sup>. This is equivalent to 24.5% of the Council's annual spending on services, the 11th-highest percentage of the 22 unitary councils in Wales<sup>3</sup>.

The Council has 4 of its 71 areas deemed the most deprived 10% of areas in Wales, this is the 12th highest of the 22 unitary councils in Wales<sup>4</sup>.

Pembrokeshire's population is projected to increase by 3.2% between 2020 and 2040 from 125,650 to 129,658, including a 11.6% decrease in the number of children, a 6% decrease in the number of the working-age population and a 32.5% increase in the number of people aged 65 and over<sup>5</sup>.

## The Auditor General's duties

- **Continuous improvement**

The Council had to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General had to assess whether the Council met these requirements during 2019-20 and 2020-21.

- **Audit of Accounts**

Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.

- **Value for money**

The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.

- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

<sup>2</sup> We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

<sup>3</sup> Source: 2020-21 Statement of Accounts

<sup>4</sup> An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

<sup>5</sup> Source: Stats Wales



We continue to recognise the huge strain on public services and to work in a way that seeks to reduce the impact on public bodies' response to COVID-19, while still meeting our statutory duties.



**To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.**

## What we found

### Audit of Pembrokeshire County Council's Accounts

Each year we audit the Council's financial statements.

#### For 2019-20:

- The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 9 October 2020, 24 days after the statutory deadline of 15 September 2020. The delay was due to the impact of the pandemic and the timing of the next available Council meeting to approve the accounts. Despite this delay the Council complied with the publication requirements of the Accounts and Audit Regulations.
- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- The quality of the draft statements presented for audit on 25 July 2020 was generally good.
- A number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Council in our Audit of Financial Statements Report in October 2020.
- In addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work did not identify any significant issues.
- The Auditor General issued the certificate confirming that the audit of accounts for 2019-20 has been completed on 9 October 2020.
- Key facts and figures from the 2019-20 financial statements are available on [our website](#).

## For 2020-21:

- The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 22 March 2022, four months after the revised statutory deadline of 30 November 2021. The delay was due to the impact of the pandemic, clearance and publication of the Public Interest Report (referred to below) and the Council's response to it. Despite these delays, the Council complied with the publication requirements of the Accounts and Audit Regulations.
- The Auditor General's report on the accounts included an emphasis of matter drawing the reader's attention to disclosures in the accounts relating to the severance payment of £95,000 to the former Chief Executive.
- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- The quality of the draft statements presented for audit on 6 July 2021 was generally good.
- A number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Council in our Audit of Financial Statements Report in March 2022.
- In addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work did not identify any significant issues.
- The Auditor General issued the certificate confirming that the audit of accounts for 2020-21 has been completed on 22 March 2022.

## Our work in response to the COVID-19 pandemic

In response to the COVID-19 pandemic, we changed the approach and focus of our performance audit work in local government and other bodies. Below is a summary of some of the work we have undertaken in response to the pandemic across a number of sectors, much of which is of relevance to local government.

We undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking, and practise exchange. [Further information is available on our website.](#)

In March 2021, we published a [national report](#) setting out an overview of progress to date on Test, Trace, Protect in Wales. In December 2020, we also published some [observations](#) of the Auditor General on procurement and supply of PPE during the COVID-19 pandemic, followed by a [report](#) in April 2021. In June 2021, we also published our [report](#) on the rollout of the COVID-19 vaccination programme in Wales.

## Continuous improvement

The Auditor General certified that the Council had met its Local Government (Wales) Measure 2009 duties for the financial year 2019-20 and its remaining duties in 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

## Financial sustainability

During 2019-20 and 2020-21, we examined the financial sustainability of each council in Wales. In our [report](#) on Pembrokeshire County Council in March 2020 we concluded that **the Council has managed its resources to cope with financial pressures to date but faces significant challenges to meet its anticipated funding gap going forward**. In our subsequent [report](#) in August 2021 we concluded that: **The Council has managed its resources to deal with financial pressures to date but continues to face significant challenges to meet its anticipated funding gap going forward**.

We also published two national summary reports: the [first report](#) in October 2020 and the [second report](#) in September 2021.

## National Fraud Initiative

In October 2020, the Auditor General published his report on the findings of the latest National Fraud Initiative (NFI) data-matching exercise in Wales. The exercise helped public bodies in Wales, including the 22 unitary authorities, identify fraud and overpayments amounting to £8 million. The [report](#) can be accessed on our website. NFI continues to be developed and in the forthcoming NFI exercise (NFI 2020-2022), local authorities will have access to matches designed to help identify potential fraudulent applications for COVID-19 business support grants.

## Recovery planning

During 2020-21, we reviewed the arrangements that each council in Wales was putting in place to support recovery planning. In Pembrokeshire County Council we undertook this work on an ongoing basis, providing real-time feedback where appropriate.

## Well-being of Future Generations Examination – Regeneration (February 2020)

The examination that we undertook in 2019-20 considered the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to ‘invest in six key regeneration projects’. We concluded that the Council has a renewed impetus for economic regeneration but needs to consider how to apply the sustainable development principle going forward. The [report](#) can be viewed on our website.

## Review of the Human Resources Service (March 2020)

During 2019 we undertook a review to seek assurance that the Council’s HR Service is effectively supporting the Council to achieve its objectives. We found that most managers are satisfied with the support from the Human Resources Service, but there are opportunities to strengthen arrangements including workforce planning and monitoring service performance. The [report](#) can be viewed on our website.

## Follow Up Review of Corporate Arrangements for Safeguarding (November 2021)

In May 2019 we published a [report](#) entitled Review of Corporate Arrangements for Safeguarding – Pembrokeshire County Council. That report included ten proposals for improvement. In our subsequent follow-up review, we focused on the progress made by the Council against the proposals for improvement issued. We concluded in our [report](#) that **the Council has made some progress in addressing our previous proposals for improvement but still needs to strengthen its oversight and assurance arrangements for corporate safeguarding**. We issued further proposals for improvement in this report.

## Public Interest Report – Deficiencies in Pembrokeshire County Council’s Governance and Decision-making Relating to the Departure of its former Chief Executive with a Termination Payment (January 2022)

The Auditor General’s [report](#) in the public interest identified significant deficiencies in governance and decision-making in relation to the way Pembrokeshire County Council dealt with a departure payment made to the Chief Executive. Issues found in the report include the failure to address and resolve relationship difficulties between members and officers, disregard of external legal advice, failure to comply with legal requirements and poor and untransparent decision making.

## Other inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response. In January 2021, Estyn wrote to the Council’s Chief Executive outlining the outcome of their review of Pembrokeshire County Council’s work in supporting their learning communities in schools and pupil referral units (PRUs) during the period from March to October 2020. Also relevant is Estyn’s national report, ‘Local authority and regional consortia support for schools and PRUs in response to COVID-19 – Update report from June to November 2020’, published in January 2021. The [report](#) is on Estyn’s website. CIW produced the ‘Local authority annual performance review letter 2019/20: Pembrokeshire County Council’. This [letter](#) can be viewed on CIW’s website. CIW also undertook a Performance Evaluation Inspection 2020-21 in Pembrokeshire County Council’s Adult and Children’s Service. A [letter](#) was issued to the Council on its findings in November 2021.

## Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

## **The 'Front Door' to Social Care (September 2019)**

We considered the effectiveness of the new 'front door' to social care, looking specifically at services for adults. We found that whilst councils are preventing social-care demand, information, advice and assistance are not consistently effective. The [report](#) is on our website.

## **Review of Public Services Boards (October 2019)**

We inspected how Public Services Boards are operating; looking at their membership, terms of reference, frequency and focus of meetings, alignment with other partnerships, resources and scrutiny arrangements. We concluded that Public Services Boards are unlikely to realise their potential unless they are given freedom to work more flexibly and think and act differently. The [report](#) can be viewed on our website.

## **Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act (November 2019)**

We examined how the new duties and responsibilities of the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act are being rolled out and delivered. We found that victims and survivors of domestic abuse and sexual violence are often let down by an inconsistent, complex and fragmented system. The [report](#) can be viewed on our website.

## **Rough Sleeping in Wales – Everyone's Problem; No One's Responsibility (July 2020)**

We looked at how well public services are responding to the issue of rough sleeping. Overall, we found that responding to COVID-19 is an opportunity for public bodies to start addressing long standing weaknesses in partnership working which has stopped them from tackling rough sleeping in the past. The [report](#) can be viewed on our website.

## **Better Law Making (September 2020)**

This report draws on five reports published between 2019 and today looking at how local authorities are responding to the challenge of implementing new legislation. Implementation is a complex task which needs to be fully thought through by the Welsh Government and the Senedd whenever they bring forward and make any new legislation. The paper highlights the difficulties faced by local authorities and their public sector partners in implementing their new responsibilities. The [report](#) can be viewed on our website.

## **Commercialisation in Local Government (October 2020)**

Councils have conducted commercial activity for a long time, and many councils are exploring additional commercial opportunities to mitigate against the financial pressures they face. Our report is specifically targeted at helping elected members and senior officers to examine and judge the potential impact on their organisations when considering whether to undertake commercialisation. It will also help councils to demonstrate how well they are discharging their value for money responsibilities. The [report](#) can be viewed on our website.

## Discretionary services (April 2021)

Financial pressures have led to councils reducing spending and cutting services, but the pandemic has shown local government services are essential to keeping people safe and healthy. We focussed on how councils define services, the systems and processes they have used to review services and how robust these are. Demand for some essential services is continuing to increase and councils are not confident that they can continue to deliver these services in the face of this rising and complex demand. Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future. Our [report](#) was published in April 2021.

## Regenerating town centres in Wales (September 2021)

Between 1950 and 1980, local authorities prioritised regeneration of town centres creating new and greater retail space. However, past policy choices, changing consumer expectations and technological advances are now adversely affecting many Welsh town centres. And the pandemic has created challenges for local government and central government, with one in seven shops on Welsh high streets now empty, despite the Welsh Government investing and leveraging in £892.6 million in the last seven years. Local authorities do not have the capacity to respond to this situation and are not always using the powers they have to help regenerate towns. To deliver the best local outcomes, policies and joint working need to be aligned and integrated, and resources prioritised on town centres. Our [report](#) was published in September 2021.

## Planned work for 2021-22

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

The most significant risk and issue facing councils and the wider public sector during 2021-22 continues to be the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our planned work for 2021-22 includes:

- Assurance and risk assessment including a focus on:
  - The Local Government and Elections Act (Wales) 2021
  - Recovery planning
  - Carbon reduction plans
  - Self-assessment arrangements
  - Financial position
- Springing Forward – as the world moves forward, learning from the pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- Improvement reporting audit.



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

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

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

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.