



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Pembrokeshire County Council

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About the Auditor General for Wales

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Colin Davies and Jeremy Evans under the direction of Jane Holownia.

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Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. Drawing on the work of the relevant Welsh inspectorates, as well as work undertaken on his behalf by the Wales Audit Office, this report covers Pembrokeshire County Council's (the Council) delivery and evaluation of services in relation to 2011-12, and its planning of improvement for 2012-13.
 - overall, the Council continues to support its vulnerable citizens well;
 - the Council's education services for children and young people are unsatisfactory and its capacity to improve is also unsatisfactory;
 - the Council's approach to the environment is progressing well;
 - the Council has maintained its focus on meeting national targets on waste reduction;
 - the Council is committed to supporting the economy in difficult times;
 - the Council is developing and supporting communities and promoting safety through an active programme of projects and initiatives; and
 - the Council continues to work with partners to improve access to and within the county.
- 2 Overall the Auditor General has concluded that: the Council is developing its improvement programme management arrangements and has embarked on cultural change, this is helping drive improvement, but education services for children and young people are unsatisfactory and its evaluation of outcomes and their impact on citizens could be clearer.
- 3 We found that whilst the Council is making good progress in delivering improvements across a range of its important services, education services for children and young people are unsatisfactory:
 - housing services have made excellent progress in delivering the Welsh Housing Quality Standard, expecting to be fully compliant by March 2013;
- 4 We also found that recent revisions to governance and management arrangements have the potential to support improvement, but the Council does not clearly and consistently self-evaluate its performance in delivering its improvement objectives and the impact of its improvement actions upon citizens and service users.

5 Finally, this report sets out our views on how well the Council is planning for, and making arrangements to support, improvement. We concluded that: the Council's arrangements to support improvement are sound in many areas, however by failing to respond with sufficient speed and rigour to the safeguarding issues raised by external review, it failed in its duty to make arrangements to secure continuous improvement:

- due largely to external review, the Council is now more aware of safeguarding issues and has made some positive changes;
- the Council has discharged its improvement planning duties under the Local Government (Wales) Measure 2009 (the Measure) and has acted in accordance with Welsh Government guidance;
- the Council continues to make steady progress in addressing the proposals for improvement identified in previous assessments;
- the Council has developed clear financial plans although the links to strategic and improvement objectives still need to be strengthened;
- the Council's arrangements for administering housing benefit are supporting improvement; and
- corporate arrangements are in place to ensure the implementation of the *Welsh Language Scheme*.

Recommendations

- 6 In December 2012, I published my special inspection report on the Council's implementation of safeguarding arrangements and concluded that the Council has failed in its duty to make arrangements to secure continuous improvement. To assist the Council in making the required improvement, I recommended that:

Recommendations

- R1** Welsh Ministers provide support to the Council by exercising their powers under section 28 of the Measure with specific emphasis on supporting governance, scrutiny and assurance arrangements.

Detailed report

Introduction

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

The Council is developing its improvement programme management arrangements and has embarked on cultural change, this is helping drive improvement, but education services for children and young people are unsatisfactory and its evaluation of outcomes and their impact on citizens could be clearer

Whilst the Council is making good progress in delivering improvements across a range of its important services, education services for children and young people are unsatisfactory

Housing services are making excellent progress in delivering the Welsh Housing Quality Standard expecting to be fully compliant by March 2013

- 11 The Welsh Government originally set a deadline for social-housing landlords (including local authorities and housing associations) to achieve the Welsh Housing Quality Standard (the standard) by the end of 2012. Subsequently, the Welsh Government re-interpreted the deadline as 31 March 2013, because landlords tend to plan and deliver programmes of improvement work on a financial-year basis.
- 12 It is clear that Pembrokeshire's housing services are making excellent progress in improving its housing stock and the Council reports that it expects to be one of the few authorities in Wales to have fully met the standard by the end of March 2013. The Council's improvement plan review reports positive progress in achieving the goals set out in its 2011-12 improvement plan. Our work indicates that the Council's report, noting continual improvement of the Council's Housing Service, is fair and accurate.

- 13 Housing services use their service improvement plan as a working document and as such this also forms the basis for operational performance management which is good practice. The allocation of some adult social care responsibilities to the Head of Service for Housing appears to be a pragmatic and sensible arrangement, demonstrating a flexible and cooperative approach within the senior management team.
- 14 The time taken to administer and implement work using the Disabled Facilities Grant had previously been an area of poor performance, but substantial improvements have been achieved by simplifying processes and building better coordination between departments, another indication of good practice.

Overall, the Council continues to support its vulnerable citizens well

- 15 There is evidence of effective governance and leadership in adult services. A new Director of Social Services took up post in September 2012 following the departure of the longstanding director earlier in the year. The revised directorate arrangements have further enhanced partnership arrangements with health, leading to some positive outcomes in areas including reduced demand on accident and emergency services and fewer delays in transfer from hospital for people who require adult social care and support services. The partnership with health remains a critical area and it will be essential for the Partnership Board to provide clear strategic direction and ensure that the current good progress on joint working arrangements is maintained.

- 16 The CSSIW published its review and evaluation of performance 2011-12 in October 2012. This describes positive change and improvement. The following is the summary extracted from the full report.
- 17 'Adult services have benefitted from the Council's emphasis on supporting people in the community. The development of local networks is helping people to remain independent and providing access to community based services.
- 18 Children's services has sustained steady performance and although the workforce is stable, the council continues to rely on a significant number of unqualified staff. A capacity review has been undertaken to address both this and the challenge of meeting inconsistent patterns of demand across the county. The recommendations from the review were implemented in 2011-12 and whilst the service is still in a transitional phase, performance for children's service has improved in a number of areas. The head of children's services has a strong vision for the service, emphasising consistency of practice and the role of qualified staff.'
- 19 The outgoing director's report gives a comprehensive account of the Council's performance and clearly reflects the evidence provided to the CSSIW.
- 20 The CSSIW has identified the following good practice:
- The Council's *Guide to Better Care and Support* has proved to be a good source of advice and signposting for people and professionals. It is particularly useful for people in hospital requiring advice and support and is being made widely available in hospitals, and GP surgeries within the county, and to Pembrokeshire patients who attend hospitals in Carmarthenshire.
 - The Council has established good consultation arrangements with people who use services and those that may require them in the future. It has made good use of public events, surveys and questionnaires. This level of engagement will continue this year and be expanded upon.
 - The Council's *Good Neighbour Scheme* has proved to be a successful and well-received initiative and there are now nine of these operational in the county, with further work underway in another 10 communities. This scheme provides people with local advice and signposting to help. It encourages community support and community involvement.
- 21 The CSSIW has identified the following potential risks:
- ongoing concerns about the corporate response to children's safeguarding could create a distraction in children's social services at a time when capacity is required to embed service transformation; and
 - the capacity to manage a reliable and effective quality assurance and performance management framework in place in children's services.

The Council's education services for children and young people are unsatisfactory and its capacity to improve is also unsatisfactory

22 Estyn published its report following a re-inspection of the Council's education services for children and young people in October 2012, and this is available on its website at www.estyn.gov.uk. The following summary is an extract from the full inspection report.

23 'The local authority's education services for children and young people are unsatisfactory because:

- performance in primary schools does not compare well to that of similar schools in other authorities across Wales;
- although there have been improvements in attendance, too many primary schools are in the lower half in comparison with similar schools on the free-school-meal benchmarks;
- the authority's arrangements for supporting and challenging schools are not robust enough and have not had enough impact on improving outcomes;
- the authority has not made enough progress in the management and governance of safeguarding by embedding the changes that officers and elected members have made to practices to provide adequate assurance that the improvements necessary are being delivered; and

- the authority is responding too slowly to the increasing level of surplus places in the secondary sector.

24 However:

- performance in secondary schools improved at a faster rate than Wales in 2012 and compares well to that of schools in other authorities across Wales on those indicators that include English or Welsh first language and mathematics;
- the authority has a comprehensive range of youth support services that provide young people with good access to their entitlements and enable them to attain well on a wide range of non-formal qualifications; and
- the authority has been successful in building the capacity of schools to address the needs of most pupils with additional learning needs in mainstream settings.

25 The local authority has unsatisfactory prospects for improvement because:

- corporate leaders and senior elected members have been too slow to recognise key issues in safeguarding and to change the culture in, and improve, education services;
- leadership at directorate and service level is weak;
- elected members have found it difficult to scrutinise decisions adequately and hold services to account;

- operational and partnership plans do not consistently identify relevant outcome measures and milestones to enable officers to track progress, accountability and performance effectively;
- performance management arrangements in the education directorate are not robust enough to sustain and drive improvement;
- self-evaluation arrangements lack rigour and do not identify accurately areas in need of further improvement;
- the authority has made limited progress in addressing recommendations from previous inspections; and
- the authority does not mobilise key strategic partnerships well enough to make best use of resources and achieve specific corporate aims.

26 However:

- corporate leaders have recently begun to understand and engage more fully with the challenges facing education in Pembrokeshire and have taken appropriate actions to initiate improvement;
- key elected members, together with senior corporate officers, are influencing a steady cultural change, which is contributing to a more open, realistic and productive approach to working with others such as the Ministerial Board and inspectorates;

- the authority has taken recent steps to rationalise and strengthen its partnership arrangements; and
- the authority manages its budgets prudently and has delivered efficiency savings while limiting the impact of efficiencies on services to schools.'

The Council's approach to the environment is progressing well

- 27 The Council explains in its *Improvement Review 2011/2012* (the Improvement Review) that climate change is one of the most significant challenges that we all face. During 2011-12, the Council reduced its demands for energy generated from fossil fuels. As well as continuing its strategy of investing in proven technologies, such as combined heat and power schemes, which have relatively rapid pay-back times on the initial investment required, the Council has taken additional steps to use less energy by reducing street lighting levels and successfully renegotiated contracts with energy suppliers. Overall, the Council made progress in reducing its carbon emissions by 4.26 per cent. In future, this work is likely to be given a sharper focus as a result of the Sustainable Development Bill and increases in carbon tax.
- 28 The Council has also taken steps to reduce the impact that climate change may have, by utilising sustainable urban drainage systems in order to reduce the impact of severe rainfall.

The Council has maintained its focus on meeting national targets on waste reduction

- 29 The Council is making good progress towards meeting its national waste targets on waste reduction. During 2011-12, the service was focused on the requirement to reduce the amount of waste being sent to landfill by increasing recycling rates. This required a significant step change in procedures and involved the service in close liaison with members, businesses, the public and its own staff. Changes have been successfully delivered and the new arrangements are beginning to show benefits both in terms of increased recycling rates and also in costs savings, for example in reduced mileage covered by refuse lorries. The Council is expecting to meet the 2012-13 target to recycle 52 per cent of municipal waste collected and the service has a very strong awareness of national waste minimisation targets, and the implications of not achieving them.
- 30 The Council recognises that effective citizen engagement is vital if it is to continue to improve recycling rates. The Council is of the view that maintaining citizen engagement will be especially problematic if it is required to follow the Welsh Government's interpretation on kerbside collection methods. The Council is currently assessing the risks that this issue may present.

The Council is committed to supporting the economy in difficult times

- 31 Despite the warning that the economy is still in recession, the detail in the Council's Improvement Review is very positive. There have been some significant achievements including getting Milford Haven designated as an Enterprise Zone.
- 32 The key risks are identified, such as the potential removal of funding for the Local Business Hub by the Welsh Government. This would remove a source of independent advice to small businesses in the area, although it is possible that a similar service could be provided by a different organisation.

The Council is developing and supporting communities and promoting safety through an active programme of projects and initiatives

- 33 The Council has 11 activities aimed at developing and supporting communities. These include a range of projects such as good neighbour schemes and befriending services to reduce loneliness. In addition, the Council is trying to build capacity in the voluntary sector and within the communities themselves. For example, schools are often well placed to act as community hubs; encouraging the wider community to use school buildings out of school hours makes better use of the buildings as well as providing a centre for community activity.

- 34 The Council has reviewed all its libraries and is now developing branch plans. The implementation of these plans over the following year will again establish libraries as an integrated part of the community in which they are placed as well as helping them to meet more of the national library standards.
- 35 Whilst Pembrokeshire's crime rates continue to be low, the Council has helped support offenders to reintegrate them with their communities. The integrated offender management framework is well established within the county, providing a good example of effective multi-agency working.
- 36 The Council is working to raise the profile of environmental crime to try and avoid the impact of these issues on the community. Dog fouling, litter, fly tipping and graffiti can be a problem but involving communities is proving an effective way to tackle them. The Council has used its *Tidy Towns* grant for areas across Pembrokeshire and additional money has been available for Haverfordwest. For example, Milford Haven Youth Forum identified litter as a problem and subsequently carried out a litter clearing exercise directly reducing the impact of litter on their community.

The Council continues to work with partners to improve access to and within the county

- 37 Despite the Welsh Government's reduction in subsidies for public transport, the Council has continued to invest in the public transport infrastructure. Improving Haverfordwest bus station and improving real-time bus travel information at a number of locations has made services easier to use. Reopening Goodwick railway station has also demonstrated a commitment to easy access public transport; working in partnership with Network Rail, the station was opened in May 2012 allowing passengers to board the train at Goodwick for the first time since 1964. Other road transport projects and safety improvements are underway to help to enable access to the county, encouraging inward investment, and also reduce the number and severity of accidents.
- 38 The Council has continued to promote walking, cycling and horse riding with improved websites. These sites received approximately 56,000 visits during 2011-12.
- 39 The Council has worked with partners to bring better technology links to Tenby, Haverfordwest and Neyland allowing greater numbers of people and businesses to access a wider range of services via the internet. The Council has also negotiated a contract to improve its network facility whilst reducing its costs. This will allow improved internet access speed at a number of the counties' schools and offices.

Recent revisions to governance and management arrangements have the potential to support improvement, but the Council does not clearly and consistently self-evaluate its performance in delivering its improvement objectives and the impact of its improvement actions upon citizens and service users

- 40 The Council has effectively discharged its improvement reporting duties under the Measure; however, it needs to ensure that it acts more in accordance with the Welsh Government guidance. The Council published its Improvement Review by the deadline of 31 October 2012. Our audit of the Improvement Review found it to be comprehensive and broadly fair and balanced.
- 41 There is strong evidence from within most services and departments that performance is being actively monitored and managed at head of service and director level. The links between the service improvement plans and the Council's overarching improvement plan are complex due to the plan's breadth. Many service areas contribute to each improvement objective, making the evaluation of outcomes difficult. We found that the Council is not consistently successful in evaluating the impact that its activity is having on the lives of citizens and the extent to which progress is being made towards intended outcome goals.
- 42 Performance is now reported to the scrutiny committees every quarter. Members are presented with performance statistics and also a summary by the head of service or director. Statistics are provided showing current performance and targets as well as the Welsh average information for the last two years. This information and the narrative summary help members identify any trends which might indicate potential performance problems.
- 43 Members are now given the opportunity to question senior officers more and to constructively challenge and debate performance. Meetings are effectively managed, and the range of questions and the quality of challenge at recent meetings has improved. More could always be done to improve the knowledge of members so that challenge could become even more robust.
- 44 The CSSIW states that the outgoing Social Services Director's report gives a comprehensive account of the Council's performance and clearly reflects the evidence provided to it.
- 45 Following its re-inspection in October 2012, Estyn reported that 'the Council's self-evaluation arrangements lack rigour and do not identify accurately areas in need of further improvement. There is a clear corporate process and agreed timescales for the coordination of self-evaluation and improvement planning across the Council. This process currently focuses more on progress against performance indicators rather than evaluating the effectiveness of actions. The process is not implemented consistently enough to be fully effective in providing a strategic view across all the Council's services. Education service improvement plans are not evaluated thoroughly enough to identify accurately areas in need of further improvement. The Council provided a self-evaluation report before the Estyn inspection. Although, in a few areas, the report is evaluative and based on first-hand evidence, it is mainly descriptive and generally does not identify

areas for improvement accurately enough. Assertions are not always supported well enough with reliable evidence. The education directorate did not include stakeholders, other agencies or young people in making judgements about quality and standards.'

46 Estyn also states that in relation to safeguarding, 'despite the shortcomings in safeguarding identified by the Council in its self-evaluation and by the inspectorates, the Council has judged itself too positively, as having improved significantly. Reports to the overarching management groups, to senior officers and elected members, and to cabinet and scrutiny, focus too much on reporting on tasks achieved, without analysing the impact of changes to practice at service level, or identifying improvements in the knowledge, attitudes or competence of teachers and officers in dealing with the management of safeguarding well enough. This has been a weakness, which has hindered progress in this area. However, in the few weeks just prior to this inspection, the Council had begun to identify more clearly for itself the areas for improvement that need to be addressed in relation to the shortcomings identified in the various inspection reports.'

47 On 28 September 2012, the auditor appointed by the Auditor General gave an unqualified opinion on the Council's 2011-12 accounts. The appointed auditor also issued his *Annual Audit Letter* on 29 November 2012 – [Appendix 3](#) gives more detail.

48 The appointed auditor is required to review the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources. His conclusion, which is based on both the financial audit work and work completed as part of the Improvement Assessment (and reported in the *Annual Improvement Report*), was not reported in the *Annual Audit Letter* issued in November. At that time, the Auditor General was in the process of completing a follow-up to the special inspection report issued in January 2012.

49 This work has now been completed and the findings highlight that, although overall governance and management arrangements have been improved and financial management remains effective, the Council needs to do much more if it is to demonstrate the effectiveness of its arrangements for the use of resources.

The Council's arrangements to support improvement are sound in many areas; however, by failing to respond with sufficient speed and rigour to the safeguarding issues raised by external review, it failed in its duty to make arrangements to secure continuous improvement

Due largely to external review, the Council is now more aware of safeguarding issues and has made some positive changes, but by failing to respond with sufficient speed and rigour it failed in its duty to make arrangements to secure continuous improvement

- 50 Following the publication of critical reports from inspectors over the period June to November 2011, we undertook a special inspection of corporate governance arrangements at the Council which we reported in January 2012. We concluded that whilst the Council displayed some positive attributes in relation to its culture and operating environment, it needed to:
- improve political and managerial oversight and appropriately hold people to account;
 - clarify the decision making and governance responsibilities of members and senior officers; and
 - promote effective challenge and put quality assurance arrangements in place to ensure that mechanisms of management and supervision were effective.
- 51 We planned to re-inspect the Council in October 2012 to assess progress in meeting the recommendations made to the Council in January 2012. Concerns by Welsh Ministers about the implementation of change at the Council led to a request that the re-inspection be undertaken earlier. This re-inspection specifically sought to determine

whether the Council had made sufficient progress in addressing the need to improve the management and governance of safeguarding. The report of our re-inspection is available on our website at www.wao.gov.uk, and is summarised below.

- 52 We concluded that, due largely to external review, the Council is now more aware of safeguarding issues and has made some positive changes, but by failing to respond with sufficient speed and rigour it failed in its duty to make arrangements to secure continuous improvement. We came to this conclusion because:
- as a result of external reports, the Council has introduced policies and procedures that have heightened awareness of safeguarding but has not addressed the underlying causes of failings;
 - the Council is acting too slowly to address serious issues, such as the use of timeout rooms, and is not implementing new policies and procedures effectively; and
 - the Council has made little progress since January 2012 in strengthening the challenge and assurance role of members.
- 53 The Auditor General recommended to Ministers of the Welsh Government that they provide support to the Council by exercising their powers under section 28 of the Measure with specific emphasis on supporting governance, scrutiny and assurance arrangements. The current Ministerial Board's appointment has been

extended until 31 March 2013 and a decision is awaited as to the form of support Ministers intend to put in place from 1 April 2013.

- 54 Since the completion of this inspection, the Council has made a number of significant changes at senior management level in education and social services; these changes have the potential to support improvement. Recent observations of scrutiny indicate an increased appetite for challenge with good informed questioning by members and clear and open responses by officers. Members are beginning to hold officers more closely to account. These changes if sustained also have the potential to support improvement. The present is still a transitional period however, and we will continue to monitor these arrangements and report on progress again in due course.

The Council has discharged its improvement planning duties under the Measure and has acted in accordance with Welsh Government guidance

- 55 The Council has produced a plan that is straightforward and concise outlining what it wants to achieve and how it will go about it. The plan is well written and easy to understand. It has been drafted to make it as accessible as possible to a public audience, technical language is kept to a minimum and unnecessary detail is avoided. The plan includes useful background information about the range and scale of services the Council provides, which promotes awareness of the breadth of activities that the Council is responsible for.

- 56 For 2012-13, the Council has identified eight objectives for improvement. The basis for selecting these objectives is clearly explained, including the extent to which they were informed by public consultation and engagement. In selecting areas for improvement, the Council also consulted a range of stakeholders to ensure that it is focusing on the right things. The Council has noted that response to this engagement was limited; it chose not to seek other ways to engage further with citizens and stakeholders. The Council's consultation in relation to the equalities agenda was also limited.

- 57 Seven of the objectives align directly with the themes of the community plan and support the Council's ongoing agenda of continuous improvement across all services. The eighth improvement objective has been introduced to reflect the Council's actions in response to the issues raised in the joint Estyn/CSSIW inspection and our special inspection. Each objective is presented in a consistent way that establishes what the Council wants to improve, what it plans to do and the actions needed to support this. Further explanation could be provided about partner agencies' involvement in supporting delivery and the arrangements for monitoring the plan's progress. Not all actions are underpinned by success measures. There remains scope to better describe measures, and to further develop and tailor these so that they more accurately and more clearly relate to what the Council wants to achieve.

58 The plan is relatively easy to find on the Council's website and hard copies are provided for reference in key sites such as public libraries and customer information centres. The clarity of the plan makes it unnecessary to produce a separate summary document. Coverage by the local press has helped promote the plan to the local community.

59 Overall, the Council's methods for collecting and reporting performance indicators are reliable, although we have reported some issues relating to a small number of indicators where arrangements need to be improved.

The Council continues to make steady progress in addressing the proposals for improvement identified in previous assessments

60 The Council is making steady progress in responding to the proposals for improvement that have been made in our previous reports. There continues to be work to do in a number of areas, such as better evaluation of outcomes and further improvements to the public reporting. Current initiatives and plans have the potential to deliver these improvements and we will continue to monitor progress over the coming year.

61 Our follow-up review of information management in November 2012 showed that progress has been made on all our proposals for improvement which has started to strengthen the Council's approach to information management. We came to this conclusion because:

- roles and responsibilities of key staff have been clarified, information asset owners have been identified and are to be trained;
- information risk management is improving;
- work has started, supported by the Internal Audit review, to develop a set of policy and guidance documents which will be communicated to staff; and
- training courses for information asset owners are being developed.

62 A similar follow-up review looking at the Council's management and use of technology in November 2012 has also identified progress. Overall progress has been made against all of the proposals for improvement; the Council's plans, technology foundations and governance arrangements are being strengthened, helping to ensure that the Council gets the most from its technology assets. We came to this conclusion because:

- the Council is reviewing its *ICT Strategy and Customer Access Strategy*;
- rationalising to a single technology platform is helping reduce demand for desktop support, thereby releasing resources for other projects; and
- the newly established Audit Committee has a remit to challenge and scrutinise ICT projects and Internal Audit has included more technology reviews in its forward work programme.

The Council has developed clear financial plans although the links to strategic and improvement objectives still need to be strengthened

- 63 For the current financial year (2012-13), the Council set a budget requirement of £198.3 million. The budget monitoring report as at 31 December 2012, three-quarters of the way through the year, shows net expenditure against the budget requirement of £147.4 million (just over 74 per cent). At this high-level analysis, expenditure is in line with that expected. The most significant cost pressure referred to in the December 2012 report relates to adult social care, where the original budget was increased from £38.1 million to £40.9 million.
- 64 The *Appointed Auditor's Annual Audit Letter* confirmed that there had been effective budget-setting, monitoring and financial reporting arrangements during 2011-12. It also acknowledges that the Council recognises the need for stronger review and challenge by members and is putting revised arrangements in place during 2012-13. The Council's budget-setting process for 2013-14 (approved by Council in February) also considers a summary medium-term financial plan for the period from 2013-14 to 2015-16. These plans highlight the need to achieve cost reductions of £3.5 million for each of 2014-15 and 2015-16 to deliver a balanced budget within the existing assumptions for future grant and funding settlements.

- 65 Whilst the Council has developed financial plans, these still need to be more clearly linked to its strategic and improvement objectives, and for both the in-year financial reporting, and longer-term considerations, including the use of reserves, to be included within the new financial reporting and scrutiny arrangements. This will become increasingly significant, given the need to fund half of the £170 million *21st Century Schools* capital programme between 2012-13 and 2021-22 – a significantly long-term project.

The Council's arrangements for administering housing benefit are supporting improvement

- 66 The Council's processes should ensure that timely and accurate payments are made to the right people, and the service is effective and responsive. Processing times for both new housing benefit claims and changes in circumstances are shorter than the Welsh average, and the percentage of new claims decided within 14 days is also better than the national average.
- 67 The service has a high level of accuracy in claims processing. Whilst the percentage of overpayments identified and recovered relating to 'in year' debt has fallen the overall level of overpayment debt recovery has been maintained, and the Council has reviewed debt recovery procedures. The service receives a lower number of requests for reconsideration or revision of claims than the Welsh average and those that are received are dealt with comparatively quickly. The total number of appeals has increased slightly but these are also dealt with more quickly than the Welsh average.

Corporate arrangements are in place to ensure the implementation of the *Welsh Language Scheme*

- 68 The role of the Welsh Language Commissioner (the Commissioner) was created by the Welsh Language (Wales) Measure 2011. Over time, new powers to impose standards on organisations will come into force through legislation. Until that time, the Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 69 The Commissioner works with all local authorities in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of local authorities to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every local authority is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required.
- 70 The Council has prepared a *Linguistic Skills Strategy* and its implementation as well as the training programme will be a priority for the Council in the next period. Developmental work needs to be done to the Council's corporate procedures, such as the data collection and storage system that will enable the Council to move forward with several of its objectives. This derives from the fact that the personnel system has led to a delay in the implementation of various actions in the Council's *Welsh Language Scheme*. The Welsh language is expected to be mainstreamed further by formalising processes to include appropriate references to the Welsh language within service development plans. Corporate arrangements are in place to ensure the implementation of the *Welsh Language Scheme*, including an implementation group. The Council's processes assist with ensuring compliance with the requirements of the *Welsh Language Scheme*; for example, a content management system prevents loading information in only one language onto the Council website.

Appendices

Appendix 1 Status of this report

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

This report has been produced by 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 informed by 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. This report also summarises the Auditor General's conclusions on the authority's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the relevant authorities and Ministers, and which he may publish (under section 22). This published *Annual Improvement Report* summarises audit and assessment reports including any special inspections (under section 24).

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

Appendix 2

Useful information about Pembrokeshire and Pembrokeshire County Council

The Council

The Council spends approximately £264 million per year (2011-12), not including grants. This equates to about £2,150 per resident. In the same year, the Council also spent £40 million on capital items.

The average band D council tax in 2011-12 for Pembrokeshire was £922.83 per year. This has increased by 2.36 per cent to £944.60 per year for 2012-13. 66.1 per cent of Pembrokeshire's housing is in council tax bands A to D.

The Council is made up of 60 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

- 32 Independent Plus
- 5 Plaid Cymru
- 8 Labour
- 2 Conservatives
- 1 Liberal Democrat
- 12 not affiliated

The Council's Chief Executive is Mr Bryn Parry-Jones. He is supported by:

- Director of Finance and Leisure: Mark Lewis
- Director of Development: Steven Jones
- Director of Transportation and Environment: Ian Westley
- Director of Education and Social Services: Jake Morgan

Other information

The Assembly Members for Pembrokeshire are:

- Paul Davies, Preseli Pembrokeshire, Conservative Party
- Angela Burns, Carmarthen West and South Pembrokeshire, Conservative Party
- Rebecca Evans, Mid and West Wales Region, Labour Party
- Simon Thomas, Mid and West Wales Region, Plaid Cymru
- Joyce Watson, Mid and West Wales Region, Labour Party
- William Powell, Mid and West Wales Region, Welsh Liberal Democrats

The Members of Parliament for Pembrokeshire are:

- Stephen Crabb, Preseli Pembrokeshire, Conservative Party
- Simon Hart, Carmarthen West and South Pembrokeshire, Conservative Party

For more information see the Council's own website at www.pembrokeshire.gov.uk or contact the Council at Pembrokeshire County Council, County Hall, Haverfordwest, SA61 1TP. Tel: 01437 764551 or e-mail: enquiries@pembrokeshire.gov.uk.

Appendix 3

Appointed Auditor's Annual Audit Letter

The auditor appointed by the Auditor General issued the following auditor's report on 29 November 2012.

Mr B Parry-Jones
Chief Executive
Pembrokeshire County Council
County Hall
Haverfordwest
Pembrokeshire
SA61 1TP

Dear Bryn

Annual Audit Letter

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

Pembrokeshire County Council complied with its responsibilities relating to financial reporting although there are some areas where this can be strengthened further. Additional work is on-going to follow up the Auditor General's Special Inspection, which will be reported in due course.

It is the Council's responsibility to:

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

The Public Audit (Wales) Act 2004 issued by the Auditor General requires me to:

- provide an audit opinion on the accounting statements;

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

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

On 28 September 2012 I issued an unqualified audit opinion on the financial statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the financial statements audit were discussed with the Audit Committee on 10 September 2012 and formally reported to the Corporate Governance Committee on 28 September 2012 prior to the statements being approved.

My review of financial management arrangements confirms that there have been effective budget setting, monitoring and financial reporting arrangements during 2011-12. The Council has recognised the need for stronger review and challenge by Members and is putting revised arrangements in place during 2012-13. As part of this, the Council will need to consider how longer term financial planning and the use of its reserves are included within the new financial reporting and scrutiny arrangements.

The Council's newly established Audit Committee has a key role in reviewing financial management and other arrangements, such as risk management, internal control and corporate governance. The Council has prepared a detailed work programme, supported by 'workshops', to develop the way the Committee meets its responsibilities. I will be working with the Director of Finance and the Committee during 2012-13 to assist in ensuring that its roles are understood and can be achieved effectively, and that the issues arising out of this year's audit are addressed.

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness is based on the audit work undertaken on the financial statements as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure (2009). In addition, the Auditor General is in the process of completing a follow up to the Special Inspection report issued in January 2012

Given that this work is not yet completed, I will provide my conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in the Annual Improvement Report, due to be issued early in 2013. The Auditor General, in his reports, will also highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made.

I issued a certificate confirming that the audit of the accounts has been completed on 28 September 2012.

The financial audit fee for 2011-12 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

Richard Harries
For and on behalf of the Appointed Auditor

29 November 2012

cc. Cllr J Adams, Leader

cc. Mark Lewis, Director of Finance

Local electors and others have a right to look at the Council's accounts. When the Council has finalised its accounts for the previous financial year, usually around June or July, it must advertise that they are available for people to look at. You can get copies of the accounts from the Council; you can also inspect all books, deeds, contracts, bills, vouchers and receipts relating to them for 20 working days after they are made available. You can ask the auditor questions about the accounts for the year that they are auditing. For example, you can simply tell the auditor if you think that something is wrong with the accounts or about waste and inefficiency in the way the Council runs its services. For more information see the Wales Audit Office leaflet, *Council accounts: your rights*, on our website at www.wao.gov.uk or by writing to us at the address on the back of this report.

Appendix 4

Pembrokeshire County Council's improvement objectives and self-assessment

The Council's improvement objectives

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

The Council published its improvement objectives for 2012-13 in its improvement plan which can be found on the Council website at www.pembrokeshire.gov.uk. They are:

Improvement objectives 2011-12	Improvement objectives 2012-13
We will take action to support independent and healthy living.	We will take action to support independent and healthy living.
We will reduce our carbon footprint and operate more sustainably.	We will reduce our carbon footprint and operate more sustainably.
We will work with our partners to improve Pembrokeshire's economy.	We will work with our partners to improve Pembrokeshire's economy.
We will support the development of vibrant and sustainable communities.	
We will support the development of appropriate housing in Pembrokeshire.	We will work with our partners to reduce housing need in Pembrokeshire.
We will continue to develop the high-quality education services we provide.	We will develop a high-quality education service.
We will work with our partners to improve communication links to and within Pembrokeshire.	We will work with our partners to improve communication links to and within Pembrokeshire.
We will work with our partners to ensure Pembrokeshire remains a safe place.	We will work with our partners to ensure Pembrokeshire remains a safe place.
	We will encourage greater Member engagement and challenge to drive service improvement.

The Council's self-assessment of performance

The Council's self-assessment of its performance during 2011-12 can be found in its *Improvement Review 2011/2012* which can also be found on the Council website at www.pembrokeshire.gov.uk.

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