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Summary report

1. In September 2011, the Auditor General announced his intention to conduct a special inspection into corporate governance arrangements at Pembrokeshire County Council (the Council).
2. The Auditor General took the decision to undertake the special inspection following the publication of two critical reports from inspectors on 11 August 2011, suggesting that there were failings in the corporate governance of the Council. Her Majesty's Inspectorate for Education and Training in Wales, Estyn, published a report on their inspection of Local Authority Education Services for Children and Young People in Pembrokeshire¹. In addition, Estyn and the Care and Social Services Inspectorate Wales (CSSIW) published a report on their joint investigation into the handling and management of allegations of professional abuse, and the arrangements for safeguarding and protecting children in education services².
3. While both reports focused on matters relating to children and young people, Estyn's report on education services concluded that there had been **'a systemic corporate failure to respond sufficiently to safeguarding issues'**. The joint investigation report of the CSSIW and Estyn also criticised corporate governance arrangements, stating that, **'the absence of effective governance in relation to safeguarding and protecting children reflects the specific failures within the culture of the authority as a whole. The shortcomings with the authority's arrangements to safeguard and protect children are longstanding and systemic. This is indicative of the deep-seated nature of these problems and failings within the authority.'**
4. On 19 August 2011, having considered both reports' findings, the Auditor General wrote to the Minister for Local Government and Communities, proposing a Special Inspection under Section 21 of the Local Government (Wales) Measure 2009.
5. In light of the conclusions contained within both the education services report and the joint investigation report, the Auditor General's special inspection set out to investigate whether the weaknesses identified in both reports are more widespread; specifically whether weaknesses in democratic accountability and governance are systemic (see [Appendix 1](#) for methodology).
6. We found that whilst the Council displayed some very positive attributes in relation to its culture and operating environment, improvements are needed to ensure that the Council can maintain adequate political and managerial oversight and appropriately hold people to account. There is a need to formalise and strengthen some arrangements rather than to introduce wholesale changes to models of governance and management.
7. Our overall conclusion is that **the Council has a positive culture of trust and respect that has delivered benefits; however, too much informality and lack of consistently effective challenge has weakened accountability, leaving the Council open to unnecessary risk.**

¹ <http://www.estyn.gov.uk/english/provider/668LAESCYP/>

² <http://wales.gov.uk/docs/cssiw/report/110811pemben.pdf>

8. We reached this conclusion for the following reasons:

- **The Council has a history of stable management, good financial stewardship, and a steady, incremental approach to improvement.**

Historically the Council's services have been generally sound, with well managed finances and evidence of steady, incremental improvement to services. With the exception of the serious service issues highlighted within the Estyn and CSSIW reports, the Council had not previously been faced with the need to make a significant step change in its performance. The Council has also enjoyed a relatively long period of stable leadership, both politically and managerially.

Over time, a strong team ethos has developed, with the majority of Councillors and officers communicating a desire to work well with each other to achieve the best for the people of Pembrokeshire and for the county as a whole. Taken together, these factors have resulted in a feeling of stability within the Council and high levels of confidence in the current governance and management arrangements.

- **A culture of mutual respect and trust exists between most Councillors and officers, leading to productive working relationships.**

The Council displays a positive culture of trust and respect whereby face to face contact and the building of constructive relationships are key features of the way that the Council conducts its business. Officers feel empowered and working relationships between Councillors and Officers are good, based on easy access and high levels of informal engagement. Nonetheless, at times information is not shared as widely as it could be, leading some Councillors to feel excluded. The Council needs to be more proactive in promoting engagement and information sharing with all Councillors.

- However, we also found that **a lack of clarity and understanding in relation to some roles and responsibilities, along with some lack of transparency, means that effective challenge is not a consistent feature of governance.**

Some Councillors are struggling to understand their corporate responsibility and roles. Some are overly focused on operational issues rather than more strategic issues and a poor understanding of their role in seeking assurance and in participating in meaningful strategic scrutiny of Council decisions.

We also found a general lack of clarity about how decision-making operates within the Council. Although arrangements are clearly set out in the Council's Constitution, the roles of various forums (including the Cabinet, Scrutiny Committees, Corporate Governance Committee, and the Corporate Management Team) are not universally understood, which has led to some unfounded suspicion that decisions are not being taken appropriately. This lack of clarity is not helped by a lack of a documented pathway for decision-making that would enable those with a legitimate interest in a particular issue to follow through the stages of concept, development, proposal, approval and implementation.

This lack of transparency in decision-making and unclear roles and responsibilities significantly weakens the ability within the Council to challenge and scrutinise decisions, with the potential that what results is not as robustly developed as it could be. This situation has persisted over some time with the result that challenge and scrutiny are undervalued as legitimate tools of effective governance.

- While we regard the trusting and informal culture as making a largely positive contribution to working relationships and effectiveness, we found that **in some instances an over-reliance on informal management approaches has weakened accountability and led to some complacency and exposure to risk. However the Council has now begun to address these issues.**

An over-reliance on informal approaches means that insufficient attention is paid to appropriately documenting some discussions, actions, decisions or results. Keeping appropriate written records is an effective means of providing assurance that trust is well placed and that policies or instructions are being followed as intended. This is a particular weakness in the Council's management arrangements which makes it more difficult to hold people to account and provides inadequate oversight, leaving the Council exposed to risk.

We find that the unintended consequence of the Council's trusting and informal culture is a weakening of accountability, and that the Council's confidence in its governance and management arrangements is not well founded and shows complacency. It is clear to us that the balance between informality and trust on one hand, and effective assurance mechanisms on the other, has tipped too much in favour of the former.

The way forward

9. We found that the Council is already making improvements to its governance and management arrangements that will strengthen both information sharing and accountability. Minutes of Corporate Management Team meetings are now routinely distributed to attendees and Heads of Service; Councillors now have access to real-time performance reporting; and amendments to the Constitution should encourage fuller challenge to, and scrutiny of, policy and decisions.
10. In responding to our findings, the Council must redress the balance in its culture and arrangements. In doing so the Council must ensure that Councillors and staff recognise the value of this greater formality, individually and collectively, and that there is full engagement in, and ownership of, any changes. Importantly the Council must ensure that, in putting in place more robust governance arrangements, it does not compromise the very positive attributes of its people and its culture highlighted in this report.

Statement by the Auditor General

11. This report sets out the results of my special inspection of the Council under section 21 of the Measure. The Measure requires me to mention any matter in respect of which I believe, as a result of the inspection, that the Council is failing to comply with the requirements of Part 1 of the Measure (local government improvement). Whilst this report identifies areas for improvement, I have not concluded that these matters represent a failure to comply with the requirements of Part 1 of the Measure.

Recommendations

12. To assist the Council in making the required improvement we have set out some recommendations in the table below. The Council is required by the Local Government (Wales) Measure 2009 to prepare a statement of any action that it proposes to take as a result of this report, and its proposed timetable for taking that action. This must be prepared within 30 days of receipt of this report.
13. We recommend that the Council:

R1 Clarifies, in an easily understandable format, governance and decision-making roles, specifically of the:

- Cabinet;
- Scrutiny Committees;
- Corporate Governance / Audit Committee; and
- Corporate Management Team.

R2 Ensures that appropriate documentation is kept of meetings, proposals and business cases and decisions, and made readily available, to provide assurance that decision-making is undertaken appropriately and transparently.

R3 Takes steps to ensure that Councillors are clear about what is expected of them and are effectively supported in whatever role they perform; including by:

- setting out role descriptions;
- delivering role specific training;
- evaluating effectiveness of Councillors in their roles; and
- considering how scrutiny can be better supported.

R4 Sets out clearly, in a policy or protocol, what information Councillors can expect to receive, its frequency and the methods of communication.

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- R5 Ensures that scrutiny programmes are aligned to the strategic business of the Council; to include:
- more frequent scrutiny of budget and performance;
 - scrutiny of corporate policy and practice;
 - overview and scrutiny of risks;
 - overview and scrutiny of equalities and diversity policy and practice; and
 - ensure that the Cabinet forward work programme is shared with scrutiny chairs in a timely way.
- R6 Continues with amendments to the Constitution to improve openness, transparency and to promote effective challenge.
- R7 Puts quality assurance arrangements in place to ensure that mechanisms of management and supervision are effective.

Detailed report

The Council has a history of stable management, good financial stewardship, and a steady, incremental approach to improvement

14. The Council has been led by the same political group since local government re-organisation in 1996 through an extended period of relative political stability. The Chief Executive has also been in place since then, and the Corporate Management Team has had a relatively stable membership for a number of years. This period of stability has allowed a general consensus and shared vision for services to develop amongst Councillors and officers of the Council with a very strong sense of a 'Team Pembrokeshire' approach. We found that the principles of Customer Focus, Value for Money, and One Team are well understood and embedded throughout the Council.
15. Historically the Council's services have been generally sound with few serious shortcomings. Although, there has been a declining trend in education performance against the Welsh Government's benchmarks for performance based on free-school-meal entitlement, results in 2011 have shown some improvement. However the issues regarding safeguarding of children highlighted in Ombudsman reports³ and the inspectors' reports of the summer 2011 have clearly tarnished the Council's record.
16. The Council has a strong record of delivering within its available resources and has prioritised keeping council tax low compared with other Welsh councils. For a number of years the council tax for a band D property in Pembrokeshire has been the lowest in Wales. The Auditor General's 2011 Corporate Assessment Update letter to the Council reported that it is well placed to address the financial challenges facing the public sector, and that the Council has concluded that it can maintain current service levels within the forecast financial settlements. However, the Welsh Government has since reduced available funding for schools modernisation, and so the Council will need to find an additional £30 million, which will require some difficult decisions regarding the affordability of current service levels.
17. Since its formation, the Council has adopted a steady, incremental approach to improvement as there has been no apparent need for step change. Now, however, given the recent findings of the reports by Estyn and CSSIW, and the need to revisit finances with potential reductions in service, the Council is facing unprecedented challenges in its history. There will be a need to maintain the positive attributes of firm leadership and a strong team ethos in the face of these challenges. The Council will also need to ensure that recent improvements in the reporting of its performance are continued so as to ensure that Councillors and residents are able to fully understand the choices that the Council faces in the context of current levels of service, performance, and available resources.

³ Ombudsman reports of December 2004 (2002/1009/PE/269), March 2010 (case 200800024), January 2011 (case 200901732)

A culture of mutual respect and trust exists between most Councillors and officers, leading to productive working relationships

18. An important factor in the way that any organisation operates is its culture. To be effective, an organisation needs to bring its plans and its systems of governance and management to life through the people that it employs and engages with. People provide the energy in the system and, without commitment, ownership and empowerment, organisations will struggle to achieve what they set out to do.
19. We found there to be a positive culture of mutual trust and respect within the Council, with open and productive working relationships between most Councillors and officers. Councillors generally trust officers to deliver the work of the Council and respect their knowledge and professionalism. Our interviews, focus groups and survey found that officers felt empowered to fulfill their roles, and are encouraged to do so by an informal culture that promotes face to face contact.
20. We also found there to be an 'open-door' approach with Councillors and officers comfortable to interact daily in an informal environment. The vast majority of both the Councillors and officers that we spoke to saw this as a constructive approach that made it easy to raise issues, gauge the prevailing mood, and discuss solutions in order to get the job done. Overwhelmingly, Councillors considered officers to be accessible and receptive and felt that if they required information or advice, officers were willing and able to provide it for them.
21. However, there are some officers who are not comfortable with the approach, in that the open-door approach might potentially compromise them should they be faced with conflicting interests of Councillors. Similarly, a small number of Councillors feel that they are not part of the inclusive approach and, whilst they do not feel actively discouraged from seeking engagement and information, they also do not feel that there is a pro-active approach to engaging and informing them. We would characterise the Council's approach to openness as being rather passive, and it should work at being more active in promoting engagement and information sharing.
22. Given the historical political stability, it is no surprise that we found there to be an absence of party politicking and very little in the way of adversarial behaviour between Councillors. The aspiration is for consensus politics, and we found that the stable political environment allows constructive dialogue with few defensive behaviours being displayed. However, the Council needs to guard against Councillors becoming too comfortable; and encourage active and constructive challenge and debate.
23. The characteristics of trust, openness and empowerment are also clearly displayed within the officer working environment. Business is largely conducted face to face with a desire to minimise bureaucracy. The majority of staff that we spoke to welcomed this approach and thought it empowering. However, we were made aware that some staff would welcome a greater degree of formality that would support them in carrying out their duties in an appropriately transparent and accountable way.

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24. To underpin this positive working culture, the Council has developed a 'Pembrokeshire Manager Standard' that sets out the values and behaviours that are to be expected and encouraged. There is also a Pembrokeshire Manager Development Programme that provides an individual with a development pathway that includes mentoring, personal development planning, organisational development projects, targeted learning events, action learning sets and leadership development programmes. We view this approach as being a very positive initiative, and evidence that the culture of the organisation is being actively nurtured.

A lack of clarity and understanding in relation to some roles and responsibilities, along with some lack of transparency, means that effective challenge is not a consistent feature of governance

There is a lack of clarity and understanding in relation to some roles and responsibilities

25. Some Councillors are struggling to understand their corporate responsibility and roles. Whilst Councillors understand and perform their ward representative role with enthusiasm, in the main there appears little appreciation of how they can, and should, contribute to county-wide issues and the governance of the Council. For example during a Scrutiny Committee session, in suggesting a halt to a programme to switch off street lighting, Councillors were reacting to issues raised in their locality and failed to make the links to the Council's strategic objective of being energy efficient. Some Councillors are too focused on operational matters and take advantage of officers' open-door approach to involve themselves in what amounts to inappropriate micro-management.
26. However, Councillors do need to be involved in seeking assurance that their policies are being implemented as intended. Non-executive Councillors have a role in holding the Executive to account through robust scrutiny of Council decisions. Councillors are, in many cases, unaware of the nature and extent of their role in seeking assurance on the proper exercise of decision-making by the Council on behalf of citizens. Many Councillors that we spoke to are unsighted of the work of the internal audit service, despite a formal terms of reference for it being approved by the Corporate Governance Committee. They also demonstrated a general lack of awareness of some important mechanisms that would assist them in their role, such as risk registers and delegated decision registers. The Council has not set out clearly what it expects of its Councillors, in that there are no Councillor role descriptions and there is very little role specific training.

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- 27.** We found that the Council's Constitution accurately sets out where decisions are made and the various delegated powers that exist, and that Cabinet Councillors and senior officers fully understand their roles and contributions. However there is a general lack of understanding, amongst those Councillors and staff not involved, of the roles of the Cabinet, Scrutiny Committees, Corporate Governance Committee and the Corporate Management Team and how they relate to each other to contribute to policy development and decision-making. Some Councillors told us that they perceive that officers are the drivers of decisions and policies. They also perceive that policy recommendations from officers are subject to little challenge and that there is an over-reliance on informal relationships between senior officers and the ruling Independent group.
- 28.** Another perception held by some Councillors and officers is that the Corporate Management Team is the main decision-making body and that it is a forum where strategic as well as operational decisions are taken. It is felt by some that there is not appropriate recourse to Councillors of issues of strategic significance, as discussed by the Corporate Management Team.
- 29.** However, we found that the Corporate Management Team performs an appropriate function in managing the business of the Council, similar to senior management teams within local authorities across Wales. It is a forum to discuss operational matters, maintain oversight of key risks, and to foster cross-departmental working. The Corporate Management Team is also the appropriate forum for senior officers to discuss some issues in preparation for their discussion by Councillors, or before making decisions under their delegated powers.
- 30.** The lack of understanding by some of the decision-making process, and the various perceptions about how decisions are made, can be attributed to a number of factors:
- the roles of the various forums that contribute to policy development and decision-making have rarely been explained and are not clearly set out in a user-friendly way;
 - there is a lack of accessible documentation that can be used to trace a pathway of a decision through its various stages;
 - Councillors have not been made aware of the existence of delegated decision registers, and so are unable to understand the extent of delegations; and
 - until recently (since the Estyn and CSSIW reports of the summer of 2011) the Corporate Management Team did not keep, or circulate, formal notes of meetings or agreed action points.
- 31.** In particular, the perceived secrecy around the proceedings of the Corporate Management Team has contributed to a feeling of suspicion and mistrust, in which some Councillors and officers feel excluded from accessing information which would reassure them that decisions are properly made and that the policies of Council are carried out appropriately. We found that the legitimate role of the Corporate Management Team has not been clearly communicated within the Council and is not well understood.

There is some lack of transparency as information is not always routinely shared

32. Appropriate information sharing is critical in ensuring that there is clarity and a common understanding of key issues and risks and about how the Council plans to address them. However, when information is shared with some Councillors and officers but not with others, this can have the opposite effect. It can cause confusion, limit understanding, prove divisive and lead to conspiracy theories. We found that whilst the Council's open culture means that information tends to be freely available, in many cases it has to be sought out by Councillors rather than being actively shared. Many Councillors have told us that they are unsure of the type and level of information that they should be provided with. It would benefit the Council to set out the level and type of information that Councillors can expect to receive throughout the exercise of their roles and to make arrangements for its circulation.
33. In addition to the circulation of regular and routine information, the Council must ensure that Councillors are appropriately informed of any issues of concern in a timely way. However, we found a number of examples, as follows, of Councillors not being informed of serious issues before reading about them in the local press, or of information presented being incomplete, too infrequent, or too late in the democratic process:
- The Children and Families Overview and Scrutiny Committee was not provided with the full CSSIW inspection report on the Fostering Services issued in December 2010, but only with a summary of three areas requiring some attention.
 - The Children and Families Overview and Scrutiny Committee was not advised of the 2010 Spicer report into a serious case review, or the 2011 Inter-agency Safeguarding report into safeguarding⁴.
 - An Ombudsman's report⁵ that was issued in March 2010 but not put before Councillors until May 2010.
 - The Director of Social Services annual report was presented to the Overview and Scrutiny Committee in November 2011 after it had already been submitted to CSSIW, so not allowing for Councillor challenge and scrutiny of the content.
 - Some Councillors were not aware that the Estyn inspection or the Estyn and CSSIW joint investigation had been taking place.
 - Ongoing financial and performance reporting to scrutiny Councillors is not currently frequent enough to allow them to reasonably question or challenge (e.g. it is only recently that scrutiny has discussed a significant overspend in Social Services).

⁴ <http://wales.gov.uk/docs/cssiw/report/111122pemben.pdf>

⁵ Ombudsman report - March 2010 (case 200800024)

Effective challenge is not a consistent feature of governance

34. The above examples of deficits in information sharing also serve to demonstrate that challenge and scrutiny are undervalued. We are of the opinion that this is in part due to a history of weak scrutiny, and little Councillor challenge, developing over time to an extent where the value of placing issues or information before scrutiny is not fully appreciated.
35. Challenge to Cabinet Councillors and officers at scrutiny committees is infrequent and consequently arrangements for holding the Executive to account is relatively weak. There is variable understanding amongst Councillors of how to deliver effective scrutiny and some Councillors are more able than others in this respect. Directors have told us that they would welcome more robust challenge, however, some scrutiny members feel that to challenge is to 'rock the boat'. Opportunities are too infrequently taken to challenge Cabinet Councillors and senior officers, and some obvious questions are not posed. For instance, during our observations of scrutiny sessions, Councillors failed to pick out issues of under-performance or make enquiries as to why targets were not being met. Opposition Councillors believe that overview, contributing to the development and review of policies and strategies, works well but that scrutiny, holding the Executive to account for their decisions, is ineffective. We saw limited evidence of scrutiny committees holding the Executive to account.
36. As well as not clearly understanding their scrutiny role, some Councillors have not fully understood the mechanisms they can use to scrutinise the Executive effectively. There is an over-reliance on the use of 'notices of motion' to challenge decisions or policies. Some Councillors have misunderstood 'notices of motion' as the way in which they should exercise their scrutiny role at full council meetings. This is having the effect of undermining scrutiny committees as the main forum for undertaking meaningful challenge and scrutiny.
37. However, we did witness an example of effective scrutiny during a Children and Families Overview and Scrutiny Committee session. Councillors demonstrated a willingness to challenge and explore issues and asked some pertinent and quite challenging questions on schools data. There was a good level of challenge to the Director, but Councillors did not direct any questions to the Cabinet Councillor and therefore missed the opportunity to challenge and hold the Executive to account. The Chair and Vice Chair praised the level of information provided to them at this session, but also said that it was the first time that the Committee had received such comprehensive schools performance data and comparisons, which they felt is essential for the proper functioning of their scrutiny role. This absence of performance information has been a significant omission in the past and has probably contributed to development of weak scrutiny, as described earlier.

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- 38.** Providing relevant and timely information to scrutiny committees will equip them to undertake their role fully and effectively. However, the information provided must be as comprehensive as possible and be readily understood. Incomplete information or information without context can be meaningless, or worse contradictory. We found that some information presented on national performance measures was not set in the context of Council priorities or improvement objectives and there was no explanation as to what the information meant or what the impact was on services and ultimately on the public. There was no enquiry as to why some indicators were under performing or the reasons for good performance.
- 39.** We were told by some scrutiny members that the provision of information has improved since the critical inspectorate reports of the summer of 2011. Councillors can also now have access to the performance database, Ffynnon, where real-time performance information is reported.
- 40.** As well as receiving relevant and timely information, to be effective it is important that scrutiny is focused on the right things. One of the ways in which this can be achieved is by ensuring that scrutiny work programmes are aligned to the key strategic and business areas of the Council. These programmes should focus on work that will make a difference both to the Council and to the public. We found that work programmes are primarily informed by Councillors' own suggestions and by input from senior officers, with some flexibility to respond to topical or unexpected issues. However, there is not a structured approach to work programme development that might include, for example, links to the strategic direction or priorities of the Council, or to areas of under-performance.
- 41.** Although an Executive forward work programme exists and is available in customer service centres, Scrutiny chairs were not aware of it. This means that they are not taking the opportunity to include issues that might be appropriate for pre-decision scrutiny (providing views or advice prior to the executive taking a decision) in their work programmes. Awareness of the Executive work programme would help to empower the scrutiny function to best determine how the Executive can be held to account and to identify appropriate issues for its own programme. We are of the view that the Council should do more to make available and publicise the programmes of its executive and scrutiny committees.
- 42.** The Council has four scrutiny committees: Children and Families; Older Persons, Health and Wellbeing; Environment; and Economy. The committees examine both service based and cross-cutting delivery issues. But there are very few corporate issues that are subject to formal Councillor scrutiny, such as budgets, risk, and human resources issues. It is important that Councillors demonstrate active engagement in the governance of the Council through oversight, review and monitoring of corporate arrangements and exercise challenge in holding the Executive to account. We found this to be a gap in current arrangements.

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43. The Council provides good support for Councillor training and development through an Elected Member Learning and Development (EMLD) Strategy, an EMLD Group, to steer that strategy, and an EMLD Champion (the Cabinet Member for Highways and Planning). Through this strategy, the Council has developed a very good Councillors' training needs analysis, provided a schedule of training and additional seminars, and set-up an e-learning zone to increase access to learning. There are, however, no specific Councillor role descriptions or competency profiles against which training needs can be targeted.
 44. The schedule of training for the period May 2008 to December 2011 indicates that there was only one scrutiny-specific training event in December 2009 entitled 'Awareness of Overview and Scrutiny Process and Opportunities'. Although the training programme contains some skills training and a broad range of learning events, there is insufficient scrutiny-specific training that would help Councillors to develop their scrutiny skills. Councillors themselves identified the absence of scrutiny-specific training as one of the barriers to delivering effective scrutiny.
 45. Scrutiny is currently supported through committee services officers, the policy and performance team, and Heads of Service and Directors. Councillors value the support and assistance provided by these officers, but there is currently no dedicated scrutiny support. There are many different models for supporting scrutiny, and the Council needs to give some consideration as to how scrutiny can best be supported, given the expectations on the role of scrutiny in the future. The implementation of the Local Government Measure 2010 will provide the opportunity for the Council to clarify the role of scrutiny, evaluate the effectiveness of current arrangements, determine the level of support required, and equip Councillors to deliver the role effectively.
 46. We found some examples of overview and scrutiny committees undertaking some good work, but an analysis of a sample of reports across all committees indicates that the impact that this work is having is not clear. For example, some reports on scrutiny investigations made no recommendations to the Executive, and the purpose of undertaking the work was not clear. Other reports were informative and fulfilled the overview role but again impact or outcome was not evident. In view of the resources put into this work, the Council needs to determine what added value is being achieved if there is no obvious outcome.
 47. As a group, the Chairs and Vice Chairs of scrutiny committees meet once a year to discuss the work programme. This meeting apart, as a collective body they are unable to provide any leadership and direction for scrutiny. This group, with appropriate terms of reference, has the potential to add value to the scrutiny function and to facilitate its development. The Council should give consideration as to how this group can be used more effectively.

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- 48.** In addition to the improvements in scrutiny described above, we also found that some constitutional obstacles to effective challenge need to be overcome. In a workshop conducted in December 2009, although Councillors identified positive points about overview and scrutiny, they also raised some issues which they felt impeded effective scrutiny. These issues included the procedure by which scrutiny committees can formally bring an executive decision before it for review (known as call-in), frequency of committee meetings, agenda co-ordination, information flow, and the relationship between the Executive and scrutiny committees.
- 49.** The workshop that we conducted with scrutiny members during this inspection also identified a number of positive aspects, but again similar issues were highlighted that hinder effective challenge and scrutiny. Such issues include: access to information; ineffective scrutiny meetings; insufficient meetings; some lack of clarity of role; and challenge being unwelcome in some cases.
- 50.** The Council is undertaking a review of the Constitution and has invited Councillors to submit issues of concern. These issues included:
- Councillors being allowed to speak to their own notices of motion at Cabinet meetings instead of through a Cabinet Member;
 - quicker publication of committee minutes;
 - transparency in selection of overview and scrutiny committee Chairs;
 - making the minutes of Corporate Management Team meetings available to Councillors;
 - changes to the call in procedure;
 - time allowed for questions at Council; and
 - increasing the number of Council meetings.
- 51.** The Council has recognised that some changes were necessary to facilitate openness and transparency and, at a Corporate Governance Committee meeting on 21 November 2011, some constitutional changes were agreed. Other changes have been deferred pending further research or to await the Welsh Government's guidance on the implementation of the Local Government Measure 2011. Although progress has been made, the Council needs to ensure that the review of the Constitution takes the opportunity to overcome any remaining barriers that hinder openness and transparency.

In some instances, an over-reliance on informal management approaches has weakened accountability and led to some complacency and exposure to risk. However the Council has now begun to address these issues

52. We found that weaknesses in holding to account extend beyond the scrutiny function and are a consequence of an informal approach to management. Whilst we found that the informal and trusting culture has many benefits, we also found a tendency to rely too heavily on verbal discussions, instructions and assurances.
53. A particular example was the previous failure to circulate a formal record of meetings of the Corporate Management Team. We were told by members of that team that, prior to formal minutes being introduced in late summer 2011, there were times when attendees would leave the meetings with slightly different views on what had been discussed and agreed. The Corporate Management Team is an essential forum for the effective management of the Council, and it is important that clear and agreed action points are documented so that those responsible for taking issues forward can be held to account. We are pleased that the Council has now introduced formal record-taking at the Corporate Management Team, and that these minutes are now circulated to Heads of Service.
54. Informality also exists between Cabinet Members and Directors. Cabinet Members do not have access to the records of what is discussed at the Corporate Management Team, but Directors provide informal feedback. There is also ongoing informal dialogue to take issues forward and, whilst this level of engagement is positive, the fact that notes or agreed actions at such meetings are rarely documented undermines the Council's ability to hold the Executive to account, and there is potential for a lack of shared understanding.
55. The lack of appropriate record keeping frequently arises as an area of weakness in the Council. The recording of decisions was found to be inconsistent and incomplete during a recent judicial review on social care provision. Whilst the Head of Legal Services has recently issued advice on recording delegated decisions correctly, the level and type of information contained within delegated decision registers is inconsistent. The Council needs to tighten up on these arrangements to ensure that it protects itself from further challenge regarding the appropriateness of its decisions.
56. There has also been continuing shortcomings in record keeping in relation to human resources (HR) records that relate to the Council's child protection responsibilities. During our interviews with officers we found some lack of recognition of the need to formalise and record where necessary. Accurate recording of appropriate information is an important safeguard in taking assurance that services are being properly managed and delivered effectively.

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57. We also found that the mechanisms for Non-executive Councillors to raise issues of concern are not clear. There is an informal approach to exploring issues that appears to lessen Councillors' desire to exercise challenge in an open forum and reduce the need for call-in. Informal discussions take place between some Councillors and the Leader to 'iron out' issues, to negotiate and to overcome any opposition. Again, whilst this practice is pragmatic, it also relies on informal relationships. It would benefit the Council to clarify the mechanisms for Councillors to raise concerns both within, and outside of, the ruling group.
58. An important vehicle for maintaining oversight and guarding against service or corporate failings is the Council's risk management arrangements. However we found that currently there is virtually no Councillor oversight of risk. The vast majority of Councillors that we spoke to were unaware of risk registers, and also unaware of their responsibility to maintain oversight by monitoring risks. Neither the Corporate Governance Committee nor overview and scrutiny committees routinely review risk registers or monitor actions taken to mitigate risks. We were told that risks are regularly reviewed by senior officers and saw evidence that the risk registers were updated. However, no regular monitoring reports are presented to Councillors and their awareness of the risks facing the authority, the actions to mitigate them, and their impact on decision-making and resource allocation, is very limited. This lack of involvement in monitoring risk is a significant weakness which severely hinders Councillors' ability to govern effectively and to hold to account.
59. The Council has been aware of the limitations of its risk management arrangements, and has put a lot of good work into developing electronic corporate and service risk registers that Directors are responsible for updating, and for justifying action to mitigate the risks. It is also putting in place revisions to its risk management strategy that will clarify the role of the new Audit Committee.
60. As with risk management, merely having arrangements in place is no guarantee that they are used effectively or that the appropriate people are engaged in the process. The Council's Internal Audit Review for 2010-11 found that; *'overall the Authority has sufficient controls in place...'*; however it also found that; *'knowledge, application and compliance with these can still be inconsistent.'*
61. Our work also found that whilst certain checks and balances are in place, including risk registers, business plans, performance reports and appraisal systems, there is very little testing that they are effective or to the required quality. There needs to be some assurance that the systems of management are working and are capable of being effective. Although the development of Annual Directorate Assurance Certificates is a very positive one, these are completed very much as a desktop self-assessment exercise by Directors. There is very little actual testing of arrangements and no peer challenge. The Council could take the opportunity to enhance and develop these further.

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- 62.** The roles of Internal Audit and the Corporate Governance Committee are not currently focused on testing management and governance arrangements. We feel that there is an opportunity for the new Audit Committee, supported by Internal Audit, to ensure that there is adequate testing of arrangements to give assurance to Councillors and to feed into the review of effectiveness of governance arrangements for the Annual Governance Statement.
- 63.** Appraising people's performance as well as the performance of services and systems is another important mechanism in ensuring effectiveness. There is a performance appraisal system in place whereby performance is reviewed twice yearly. People are set targets and a sample of appraisals bear out that these are clear and capable of being evaluated as achieved or not. However, we found some evidence that performance appraisal is not consistently implemented for all staff, and that in some cases it can be rather light touch with documents not adequately explaining performance beyond the superficial.
- 64.** We also found examples of senior managers not checking that instructions had been carried out to the standard desired, and making the presumption that their accountability was discharged once an instruction has been given. The Council must ensure that performance appraisal exists not just as twice yearly one-off events, but that it is an ongoing tool of management and that simple checking is legitimate and necessary to take assurance that services are being managed and delivered appropriately.
- 65.** There is no appraisal system in place for Cabinet Members and, as previously stated, there are no role descriptions that would enable them to be held to account for their performance. No attendance records are kept or monitored.
- 66.** The over-reliance on informal management arrangements, and the lack of adequate checking, leads us to conclude that there is some complacency that current management safeguards are sufficient. One consequence of this complacency is evident in the failure to prioritise the issue of safeguarding, although the Council has recently addressed that failure with energy. Nonetheless we are of the view that other key areas, such as new statutory requirements in relation to equalities and diversity, are also receiving insufficient attention at a strategic level.
- 67.** Whilst Councillors are involved in setting an overall policy direction, at times there is less engagement, and therefore clarity, about strategies for achieving policy, and whether policy is being implemented as intended. We found that Councillors were informed about plans and strategies, but there is less evidence that Councillors are actively engaged in deciding upon delivery plans, and having appropriate oversight beyond informal discussion.

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- 68.** After a difficult period following the publication of the Estyn and CSSIW reports in August 2011, the Council has accepted that improvements need to be made to its arrangements to ensure that it is maintaining adequate oversight of its services and functions. The Council has put action plans in place to respond to the education issues highlighted by Estyn and to the child protection and safeguarding issues brought to light in the joint investigation. The Safeguarding Accountability and Improvement Board has initiated a workstream on 'Democracy and Accountability' that is making progress on a number of issues; specifically:
- a Lead Councillor for safeguarding has been appointed;
 - a Chief Officers Safeguarding Panel has been set up and meets monthly;
 - risk assessment processes have been strengthened to better document safeguarding risks;
 - the whistleblowing policy has been updated; and
 - monitoring arrangements for externally commissioned services are being put in place.
- 69.** Additionally, formal notes are now taken at the Corporate Management Team and circulated to attendees and Heads of Service; a particular criticism of the joint inspectorates' investigation.
- 70.** As well as the actions being undertaken by the Safeguarding Accountability and Improvement Board, the Council is making good progress in preparing for the introduction of an Audit Committee, which will include arrangements for it to receive detailed reports on the risk register and internal audit matters, and on reviewing the Constitution, as referred to earlier. We also understand that the Council is progressing and undertaking a number of initiatives that will start to address some of the shortcomings contained within this report; namely:
- the Corporate Governance Committee will be considering a draft information sharing protocol at its next meeting;
 - providing Councillors with on-line access to the corporate performance management system (Ffynnon);
 - undertaking a review of support for scrutiny; and
 - reviewing the effectiveness of Councillor induction and training programmes.

Appendix 1

Methodology

This Appendix sets out the scope of our Special Inspection and the methods we used in the course of our work.

We focused our work on the following main issues:

- Whether Councillors and officers are working together effectively to make rigorous decisions?
- Whether Councillors are effectively supported to undertake their role?
- Whether Councillors and officers are effectively contributing to the Council taking informed and transparent decisions?

In carrying out the Special Inspection we undertook various activities both desk-based and on-site fieldwork at the Council.

Document review

We undertook a review of documentation relevant to corporate governance and management. This included plans and strategies, agenda and minutes of meetings, internal reviews and reports, guidance documents and internal communications, correspondence, and external reports. We also took into consideration previous work and reports of the Wales Audit Office along with reports from CSSIW and Estyn.

Meetings and interviews

During our fieldwork we carried out semi-structured interviews with a cross-section of:

- Councillors (Cabinet, Scrutiny and Non-executive);
- Members of the Corporate Management Team;
- Heads of Service;
- Managers and team leaders; and
- Trade Union representatives.

As well as pre-arranged interviews, we also provided all Councillors with the opportunity to meet one of the inspection team to discuss any issues that they wanted to bring to our attention.

Focus groups

We undertook focus groups using a method called 'Group Systems' that allows for inter-active and anonymous input from participants to a semi-structured set of questions.

Focus groups were conducted with:

- Heads of Service;
- Managers; and
- Team Leaders (or equivalent).

We also undertook a focus group of a cross-section of scrutiny members using more traditional flip-chart based methods.

Survey

In order to receive as many views as possible from those wishing to contribute we arranged an on-line survey and sent a link in e-mails to Councillors and officers. We also provided a free-post address for those not willing or able to complete the survey on-line. Respondents were able to remain anonymous if they so desired.



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