



WALES **AUDIT** OFFICE  
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# **Pembrokeshire County Council**

## **Report by the Auditor General for Wales**

### **Preliminary Corporate Assessment – June 2010**



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Image courtesy of Pembrokeshire County Council.

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**Strong stable leadership, and a culture of continuous improvement, are very likely to sustain improvement in the future.**

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## Summary

- 1 The Auditor General is required by the Local Government (Wales) Measure (2009) (the Measure) to undertake an annual Improvement Assessment for each improvement authority in Wales that is local councils, national parks and fire and rescue authorities.
- 2 In order to fulfil this requirement, the Wales Audit Office will undertake:
  - a Corporate Assessment – an assessment of an authority’s arrangements to secure continuous improvement; and
  - a Performance Assessment – an assessment of whether an authority has achieved its planned improvements.
- 3 The approach is designed to enable a whole organisation assessment at each council to be undertaken in a standardised way. Taken together, these two assessments will form the basis of an annual report to citizens, known as the Annual Improvement Report.
- 4 The Auditor General has brought together her work, that of her Appointed Auditor, and that of other relevant regulators, to inform the Corporate Assessment. As this is the first year of a new approach, the assessment is a preliminary one and this report should be viewed as a progress report.
- 5 In March 2010, the Auditor General identified the scale of the financial challenge facing public services in Wales in a report to the National Assembly ‘*A Picture of Public Services*’. The potential impact of spending reductions on local government has also been highlighted by the WLGA, CIPFA and SOLACE. In evidence to National Assembly for Wales Public Accounts Committee in June 2010, the WLGA noted, ‘there is no escaping the fact that all parts of the public sector will have to examine current expenditure and service provision – the shortfall cannot be solved by efficiencies alone’. To meet this challenge, local authorities must fundamentally review the services they provide and how they are delivered, including considering options for increasing procuring rather than providing services and working in collaboration. It is in this context that the Corporate Assessment has been prepared.
- 6 This report sets out the findings of the Corporate Assessment only and is designed to answer the question:  
  
‘Are Pembrokeshire County Council’s (the Council) arrangements likely to secure continuous improvement?’
- 7 We concluded that strong stable leadership, and a culture of continuous improvement, are very likely to sustain improvement in the future.



**8** We based our conclusion on our assessment of the Council's progress over time and an analysis of the strengths and weaknesses of its arrangements to support improvement. These conclusions are explained in detail in Part 1 and Part 2 of the report respectively. We found that:

- the Council's longstanding strong leadership, stability and embedded values make it well placed to address its known challenges; and
- the Council's approach to managing and supporting improvement shows particular strengths in relation to leadership and values.

**9** As this is our Preliminary Corporate Assessment, there are several areas where only limited work has been possible. We will continue to build on this and monitor progress in coming months to provide an update in our Annual Improvement Report to be issued in November.

## Special Inspection

**10** Based on the Corporate Assessment, the Auditor General does not intend to carry out a Special Inspection of the Council under section 21 of the Measure or to recommend that Welsh Ministers should provide assistance to the Council by exercising their power under section 28 of the Measure or give a direction under section 29 of the Measure.

## Recommendations

**11** The Auditor General has not made formal recommendations for improvement for the Council under section 19 of the Measure.

## Part 1: How the Council has approached improvement over time

### **The Council's longstanding strong leadership, stability and embedded values make it well placed to address its known challenges**

#### **The Council has a history of strong corporate leadership and stability that has delivered continuous change and improvement to date**

- 12** The Council's Chief Executive has been in post since 1995-96 and a number of his senior management team are longstanding officers. The Council has also been politically stable since 1995-96, led by Independent councillors with a strong majority.
- 13** The leadership grasped the opportunity of local government reorganisation in 1996 to establish a corporate culture of delivering continuous incremental improvement. This has enabled them to continuously identify areas for improvement and plan ahead to tackle difficult issues and decisions whilst limiting the number of objections and delivering continuous improvement. Examples include their education programme to reduce surplus school places and modernise schools, whilst maintaining standards overall, and their more recent residential care programme to promote independence.
- 14** On 28 September 2009, the Appointed Auditor issued an unqualified auditor's report on the 2008-09 Financial Statements, confirming that they were prepared in accordance with statutory requirements and presented fairly the financial position and transactions of the Council.
- 15** On 30 November 2009, the Auditor General's Appointed Auditor and Relationship Manager issued an Annual Letter on the Financial Statements, corporate arrangements and performance of the Council. This was presented to the Corporate Governance Committee on 5 February 2010.
- 16** Key issues for the Council at this time were that it continued to make improvements and recognised the need to review a number of its strategies and policies to prepare for the future challenges and requirements:
- overall services were performing well but could be improved further by updating or clarifying service strategies and policies; and
  - the Council's corporate arrangements supported service improvement and good use of land and buildings was being made although there remained scope to improve some elements of performance management information.



## **The Council's plans for improvement are based on clear priorities, values and standards that are embedded in the corporate culture**

**17** The Council's priorities are clear and are closely linked with the wider community partnership priorities and outcomes:

- The Council has eight priority themes to guide its activity and 26 Improvement Objectives across these themes. These provide a framework and high-level priorities for improvement in the medium to long term. Under these Improvement Objectives, the Council has set prioritised actions and a number of targets to achieve by March 2011.
- The themes and the majority of Improvement Objectives that the Council has selected reflect those included in Pembrokeshire's new Community Plan. The Community Plan is based on an analysis of statistical information and trends that are important locally and the views of residents, community councils and local interest groups.

**18** Whilst these themes and objectives provide direction for further improvement, the key drivers for securing continuous improvement are the Council's three key principles: customer focus, one team and value for money. These principles are embedded in the corporate culture and arrangements.

**19** The Council's Organisational Culture and Managerial Style Standard, setting out the expected behaviours from its officers, is also embedded in the corporate culture and arrangements. Together with the three key principles, they set a framework for how the Council delivers continuous

improvement. As these have been firmly reinforced over a number of years, they have become embedded into the day-to-day working of the Council and are now considered 'the Pembrokeshire way' of doing business.

## **The Council's arrangements make it well placed to address known challenges**

**20** The new Community Strategy, Improvement Plan, and Service Improvement Plans draw on partner and citizen views and priorities. The alignment of these plans support the Council to deliver its priority actions and performance targets, eight priority themes and 26 Improvement Objectives to secure better outcomes for the people of Pembrokeshire.

**21** The Council recognises that it has proposed a broad set of Improvement Objectives for 2010-11, as opposed to focusing its efforts on one or two areas, as it believes that this approach reflects where it is as an organisation and its principles. Whilst 26 is a large number of Improvement Objectives, the Council in partnership with others, is confident that these objectives and related actions and targets can be achieved.

**22** The Council is currently progressing well in developing a Medium Term Financial Plan to link into its new plans and strategies to achieve the additional efficiencies it needs over the next three years.

**23** Its goal is to secure improvement across everything it does by continuing to make the incremental and prudent changes it has always done to the way that it conducts its business as a whole Council. This corporate approach is longstanding and well embedded, and as such, makes it well placed to address known challenges and secure future improvements.

## Part 2: Analysis of the Council's arrangements to help it improve

### The Council's approach to managing and supporting improvement shows particular strengths in relation to leadership and values

#### The Council's strong corporate leadership and embedded values are the key drivers in delivering the Council's strategic intentions

- 24** The Chief Executive and Leader together provide strong corporate leadership and support each other in securing continuous improvement in 'the Pembrokeshire Way'.
- 25** The Council has a clear strategic vision, direction and core values that are embedded throughout.
- 26** It has a strong focus on delivery and results through incremental change, and complemented by its corporate governance and performance management arrangements, it has a track record of managing expectations and taking difficult decisions:
- The Council was one of the first in Wales to start changing the way it provided education services to achieve better quality education in a more efficient and sustainable way. Regulators have recognised that its incremental approach to improving education since 1996 has been progressive and well-managed. Whilst it continues with its programme of education change, to date, it has resulted in better quality education overall, delivered in a more efficient and sustainable way.
- 27** The leadership recognises the need to increase the scale and pace of change in facing the challenges ahead and acknowledges the importance of engaging people and communicating messages effectively both internally and externally. This will be particularly important in helping the Council secure continuous improvement.
- More recently, the Council has applied a similar approach to start providing better services for the elderly in a more cost-effective way to enable people in need of care to live their lives more independently.
  - The Council is progressing well to meet the bulk of the Welsh Housing Quality Standard by 2012. It recognises that it needs to further strengthen its approach to tenant consultation, stock condition and asset management planning to support delivery. It plans a further review of current management and service charges to the Housing Revenue Account and Business Plan assumptions.
  - The Council has used scrutiny effectively to support key decisions and recognises the need to use its scrutiny and accountability arrangements to help it inform and address future challenges.



**Overall, the Council's resource and people management, and its approach to partnership working in Pembrokeshire, are providing a good platform for delivering change and improvement**

**28** The Council has a strong track record of effective corporate financial planning and management, and it manages its assets and other resources well. It is in a strong position to develop a Medium Term Financial Plan to deal with future financial pressures. Due to national reductions in public spending, the Council projects a significant funding gap over the next three years.

**29** Whilst addressing it will be challenging, the Council is committed to achieving significant efficiencies by further eliminating waste and by streamlining internal structures and processes. All departments have put forward options for finding efficiencies in their services. This is helping the Council to prepare a progressive financial plan that identifies efficiencies and spending where they are most needed and links resources to their priorities for improvement.

**30** Generally, the Council has a strong focus on developing and utilising staff with a robust approach to tackling poor performers and promoting lean staffing arrangements. The Council's Performance Review process and its Pembrokeshire Management programme are being further refined to reflect changing priorities. This includes the assessment of management behaviours and 360 degree appraisals.

**31** Internal partnerships work well and the Council has a clear idea of what needs to be achieved for the people of Pembrokeshire before it fully engages with external partnerships.

**32** The Council has good relationships with most key strategic partners in Pembrokeshire and is taking positive action to improve joint working with others. These include the following:

- Long before the establishment of Local Service Boards (LSBs), the Council's leadership had established strong relationships with the Chief Executives of a number of key strategic partners in Pembrokeshire and met with them regularly. Whilst it continues to develop these relationships, it is committed to securing new ones in the interest of improving joint working to deliver better and more efficient services to the people of Pembrokeshire.

- The Council has recently arranged an innovative joint secondment of its Director of Social Care with the Local Health Board (LHB) as both partners are focused on strengthening the services they deliver to the people they both serve. This is an experimental approach and both the Council and the LHB are aware of the importance of establishing appropriate governance arrangements while at the same time encouraging and supporting innovation. There is a commitment to continuously review and learn from this arrangement and an appetite to share this learning. Although the secondment is in its infancy, there are indications that the arrangement is starting to deliver positive service improvement intentions.

- The South West Wales Regional Waste Management Committee, of which the Council is one of the six members, has faced collaboration challenges over recent years. Whilst the region still faces

continuing and new challenges, recent progress suggests a willingness to work together.

- The Council is eager to establish joint arrangements and posts, where appropriate, with the Pembrokeshire Coast National Park Authority and has made proposals to do so.
- Statistical information, contained within the Community Profiling Partnership Database, is used to inform future plans including the county's new Community Plan.
- The new Community Plan includes measures which, if combined with citizen satisfaction measures, can be used to show what difference the actions of the Council and its partners are making to the lives of the people of Pembrokeshire.

### **The Council is further strengthening some aspects of partnership working and managing its people and performance**

- 33** The Council has recognised the need to focus the work of the LSB to enable public services in Pembrokeshire to identify where joint working could bring about efficiencies.
- 34** As the Council has had some longstanding strong relationships with key partners, it believed that establishing a formal LSB was not going to add much more value. The LSB is managed by the Council and it is currently reviewing the arrangements to see whether the LSB can have a clearer sense of purpose and add better value. The LSB meeting in June proposes to explore:
- how the priority areas contained within the LSB's Local Delivery Agreement can be further progressed, including how it can

increase the pace of change to provide more affordable homes in the near future; and

- complementing the work of the LSB by inviting several other organisations to discuss the feasibility of adopting a 'Total Place' approach to helping each other to find efficiencies through joint working.
- 35** The new Community Strategy sets out 20 priority actions for improving partnership working in Pembrokeshire. The expected outcomes are to achieve better integration and dialogue, reduce duplication and costs, and make effective use of all resources, manage performance across the partnerships more effectively, and improve access to and the quality of services.
- 36** To complement these partnership improvements, work is underway by the Council to further strengthen aspects of its own performance management arrangements by:
- Developing outcome measures that show whether the Council is making a difference to the lives of the people of Pembrokeshire. It has a number of input and output measures that show how much it is doing and how well it is doing, but recognises the need to develop more outcome measures to show whether it is making a difference.
  - Making better use of the citizen, tenant and stakeholder views and satisfaction it gathers across departments and partnerships to further strengthen improvement planning.
  - Linking strategic and service improvement planning with the new Medium Term Financial Plan and other key plans and priorities for improvement.



- 37** The Council's Social Care and Housing department continues to strengthen its performance management arrangements through its Performance Management Board and by undertaking system reviews of some services, including Disability Facilities Grants, to provide better outcomes to the users of the service.
- 38** The Council has recently improved its relations with Trade Unions and recognises that it faces some significant people management challenges with Job Evaluation and Single Status. It also realises that it needs to use some systems more effectively and build on previous work to link workforce planning with its improvement and financial plans particularly in Social Services.