

REPORT OF CHIEF EXECUTIVE

SUBJECT:

WALES AUDIT OFFICE – ANNUAL IMPROVEMENT REPORT 2015-16

The Auditor General for Wales is required, under the Local Government (Wales) Measure 2009 to report the audit and assessment work in relation to whether Pembrokeshire Coast National Park Authority has discharged its duties and met the requirements of the Measure.

The Annual Improvement Report 2015-16 from the Auditor General will be made available to Members.

Recommendation:

Members are requested to receive and comment on the Annual Improvement Report

(For further information, please contact Tegryn Jones, Chief Executive)



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2015-16

Pembrokeshire Coast National Park Authority

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Huw Rees, John Roberts, Rob Hathaway and Katherine Simmons under the direction of Alan Morris.

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

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

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

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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Summary report

About this report

- 1 This Annual Improvement Report (AIR) summarises the audit work undertaken at Pembrokeshire Coast National Park Authority (the Authority) since the last such report was published in August 2015. This report also includes, where appropriate, a summary of the key findings from the Welsh Language Commissioner (the Commissioner) as a 'relevant regulator' under the Local Government (Wales) Measure (the Measure). This report does not represent a comprehensive review of all the Authority's arrangements or services. The conclusions in this report are based on the work carried out at the Authority and by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 2 Taking into consideration the work carried out during 2015-16, the Auditor General will state in this report whether he believes that the Authority is likely to make arrangements to secure continuous improvement for 2016-17.
- 3 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 4 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@audit.wales or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

The Authority is meeting its statutory requirements in relation to continuous improvement

- 5 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Authority is likely to comply with the requirements of the Measure during 2016-17.
- 6 The Auditor General has reached this conclusion because:
 - a We found that, in 2014-15, the Authority has been effective in making the National Park more accessible and promoting participation in most authority initiatives, but it has not met its target to reduce the number of listed buildings at risk.
 - b We undertook work at all three national park authorities in Wales to assess the extent to which they are delivering efficient planning services with less money. In this Authority, we found that improving leadership and community focus are supporting better planning performance, although the Authority's approach to collaborating with other national park and planning authorities in Wales and achieving value for money is not sufficiently robust.
 - c The Authority evaluated and reported on its performance and published its plans for improvement in accordance with the requirements of the Measure.

Recommendations and proposals for improvement

- 7 Given the wide range of services provided by the Authority and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
 - a make proposals for improvement – if proposals are made to the Authority, we would expect it to do something about them and we will follow up what happens;
 - b make formal recommendations for improvement – if a formal recommendation is made, the Authority must prepare a response to that recommendation within 30 working days;
 - c conduct a special inspection and publish a report and make recommendations; and
 - d recommend to Ministers of the Welsh Government that they intervene in some way.

- 8 During the course of the year, the Auditor General did not make any formal recommendations. However, lower-priority issues, known as proposals for improvement, were contained in our other reports and are set out below. We will continue to monitor proposals for improvement during the course of our improvement assessment work.

- P1 Work in partnership with other national park authorities and other planning authorities in Wales to develop:
- consistent, robust comparative cost and volume data and use this to demonstrate whether or not it is providing value for money; and
 - relevant outcomes to help measure the contribution towards meeting the goal of sustainable development, especially in relation to longer-term change.
- This work should be undertaken in co-operation with the Planning Officers Society for Wales, Welsh Local Government Association and the Welsh Government, building on the experience of cost measurement and comparison via Heads of Planning Scotland and the Planning Advisory Service England.
- P2 Increase levels of strategic collaboration and partnership working, especially with other national park and planning authorities in Wales, including exploring opportunities for reducing planning service costs and the options for closer workforce planning.
- P3 Strengthen improvement planning through agreeing clear planning service priorities, setting more challenging targets and supporting improved document management.
- P4 Review the Authority's position on charging for the provision of some planning services to ensure opportunities for income generation are not lost.

- 9 In addition, the Commissioner included areas for improvement in its inspection report issued to the Authority during the year; this is available on the [Commissioner's website](#).

Detailed report



The Authority has been effective in making the National Park more accessible and promoting participation in most authority initiatives, but it has not met its target to reduce the number of listed buildings at risk

- 10 This section of the report looks at the Authority's performance for the period 1 April 2014 to 31 March 2015.
- 11 The Authority produced two improvement plans relating to 2014-15. The first, **Improvement Plan Part 1**, was a combined Corporate Strategy and Improvement Plan, setting out the Authority's improvement outcomes and objectives and outlining what they planned to achieve in 2014-15. The second, **Improvement Plan Part 2**, reports on 2014-15 activities and performance. For 2014-15 the Authority had four broad improvement outcomes with an improvement objective beneath each.
- 12 We have focused on those areas that the Authority had identified as improvement objectives under the Measure and on the available evidence collected by the Authority that could demonstrate progress towards these objectives.

Improvement outcome 1: The landscape, environment and culture of the National Park are conserved for current and future generations.

Improvement objective: To complete the review of all the managed sites during 2014-15 and to revise the management regimes for any failing to meet their management plan objectives.

- 13 The Authority has made good progress towards its conservation outcome. The improvement objective for this outcome was a continuation from the previous year when it aimed to review 50 per cent of the managed sites. The Authority has completed monitoring in 92 of the 98 sites it manages. Of these sites, 60 per cent are in 'good' and 34 per cent are in 'improving' ecological condition, being managed in line with the management plan. This result far exceeds the Authority's target of 75 per cent and none of the sites reviewed were considered failing.
- 14 However, overall progress against performance measures was variable. Three of the five measures' performance show a decline compared to the previous year. The percentage of listed buildings at risk was 6.1 per cent in 2014-15, which meant that the Authority's own target of four per cent was not achieved. The reason given by the Authority for the missed target was that a countywide review by Cadw found additional buildings at risk that had not been identified by the Authority. The Authority also failed to meet its target for the number of approved developments contrary to landscape protection policies. No explanation is provided in the **Improvement Plan Part 2** report for this performance, which compares to zero approved developments in 2013-14, or the remedial actions that are planned to address the decline.

Improvement outcome 2: Residents and visitors from a wide range of backgrounds enjoy, appreciate and understand the National Park.

Improvement objective: To develop a network of rights of way which are open, usable, suitably signposted, and in an acceptable condition with at least 80 per cent of path network open and meeting the Authority's quality standard by March 2015.

- 15 The Authority met all of its targets for the performance measures under this improvement objective and achieved an improved position compared with the previous year in almost all of its measures. The Authority exceeded its target (80 per cent), with 85 per cent of the network of rights of way being open and accessible, meeting the quality standard; this is 30 per cent higher than the Wales estimated average and 12 per cent higher than the English national park authority average.
- 16 Through a range of initiatives, including making lengths of paths suitable for the less able and extending the Walking 4 Health scheme's geographic coverage, the Authority has made the footpath network more accessible. This was complimented by extensive publicity and promotion of National Park messages, events and initiatives online and via its publication **Coast to Coast**. Fixed point counters indicate a 30 per cent increase in people using footpaths during 2014-15 compared with the previous year. The Authority continues to make positive progress in increasing the number of hard-to-reach people engaging with the National Park. It surpassed its 2013-14 figure of 5,070 people engaged by 20 per cent with 6,081 hard-to-reach people engaged in 2014-15.

Improvement outcome 3: The work of the Authority has a positive, sustainable, impact on the local economy and the well-being of residents and visitors to the National Park.

Improvement objective: To provide our services in a manner which supports and improves the socio-economic well-being of businesses, residents and visitors to the National Park.

- 17 This objective was supported by three performance measures. These were the number of people using coastal buses; the percentage of new housing units which are affordable; and the number of people involved in health-related events arranged by the Authority.
- 18 The number of people using coastal buses in 2014-15 saw a decline to 64,532 compared with 86,000 in the previous year and did not meet the 2014-15 target of 83,000. This was as a result of a decrease in funding available to the Pembrokeshire Greenways Partnership who run the coastal bus service, which meant a reduction in the number of vehicles providing the service.

- 19 The second measure refers to the percentage of new housing units which are affordable. As we stated in our **Delivering with Less: Planning Services**¹ report, the Authority significantly increased the number of affordable housing units granted planning permission in 2014-15, over the previous financial year.
- 20 The Authority's performance for the measure relating to the number of people involved in health-related events arranged by the Authority was 2,155 people, against a target of 2,000 people. Although this met its target, it is a declining position from 2013-14 when it had 2,252 people involved in health-related events. We were also unable to find the reporting of this measure in the **Improvement Plan Part 2**.

Improvement outcome 4: The Authority, in consultation with residents, visitors and other partners, adapts to the reduced funding over the period 2014-2016 while still maintaining good governance, quality services, and value for money.

Improvement objective: To reduce the cost base of the Authority to within the limits of known funding.

- 21 The Authority states that success against this objective will be indicated by setting and operating within its balanced budgets, receiving favourable reports from the Wales Audit Office and ensuring customer satisfaction levels are maintained.
- 22 In anticipation of the reduction of the National Park Grant in 2016-2018, the Authority engaged with National Park Authority Members to consider ways of adopting a more strategic service delivery approach.² The Authority has held a series of Member workshops to review service provision and explore potential cost savings. Members reported feeling adequately engaged with budgetary planning and consider they work well with officers to ensure that their views are reflected in budget discussions.
- 23 The Authority's funding for 2014-15 and 2015-16 reduced by over £772,000, or nearly 13 per cent. The Authority delayed the larger budget cuts until 2015-16. This delay was to allow for more planning and preparation time so as to limit the impact on service delivery. This avoided reducing funding on projects too quickly and spared the need for compulsory redundancies.³
- 24 Limited data is included within the **Improvement Plan Part 2** in relation to customer satisfaction levels, except to note widespread local support for the national parks from local consultations. There are no targets set for this indicator of success so it is difficult to see how the Authority will judge its overall performance against this objective. The Authority recognises that this was omitted from the **Improvement Plan 2**, but that the consultation activity during this period will be reported more fully in the **Improvement Plan Part 2** for 2015-16.

1 Wales Audit Office, **Pembrokeshire Coast National Park Authority – Delivering with Less: Planning Services**, August 2015

2 The Authority consists of 18 members: 12 nominated by Pembrokeshire County Council and six appointed by the Welsh Government.

3 Wales Audit Office, **Pembrokeshire Coast National Park Authority – Delivering with Less: Planning Services**, August 2015

- 25 The Authority is collaborating with the other national park authorities in Wales to take a different approach to improvement plan reporting. Their Corporate Plan 2016-17 will integrate new Well-being of Future Generations Act objectives with corporate and improvement objectives. In the context of reduced funding, the national park authorities have also identified the allocation of spend against the seven national well-being goals set out in the Well-being of Future Generations Act. By aligning and revising its improvement objectives with the seven well-being goals, the Authority aims to take a more joined-up approach.

Improving leadership and community focus are supporting better planning performance, although the Authority's approach to collaborating with other national park and planning authorities in Wales and achieving value for money is not sufficiently robust

- 26 In October 2015 we published our **Pembrokeshire Coast National Park Authority –Delivering with Less: Planning Services** report.
- 27 The Welsh Government has recently reduced funding to all three national park authorities. These reductions came into effect during 2014-15, with further reductions required in 2015-16 and possibly beyond. All national park authorities in Wales are now taking difficult decisions on how they deal with reductions in funding. Given the proportionately high spend on the delivery of planning services in national park authorities in Wales when compared with councils, reductions in overall funding pose particular risks. During 2015-16 we examined how national park authorities are managing this risk, assessing the extent to which they were delivering efficient planning services with less money.
- 28 We found that improving leadership and community focus are supporting better planning performance, although the Authority's approach to collaborating with other national park and planning authorities in Wales and achieving value for money is not sufficiently robust.
- 29 We reached this conclusion because improvements in leadership and an increased focus on community priorities are strengthening the Authority's ability to deliver a better planning service, although service priorities lack a clear focus. The Authority's overall costs, performance and customer satisfaction are generally good but collaboration, while improving, is not sufficiently strategic, housing land supply and affordable housing provision are low and income generation is slow to develop. We also found performance management is supporting improvement in planning services but the Authority is not sufficiently focused on costs, value for money or the outcomes of its planning service.

- 30 The Authority considered this report at the National Park Authority Meeting on 3 February 2016. The Authority welcomed the report and acknowledged both the positive progress made and the areas for improvement. The Authority is in the process of exploring how to work with other planning authorities to develop comparative data and outcomes. In response to the report proposals for improvement, the Authority is investigating systems to develop into a new document management system; and working towards implementing charges for the provision of some planning services on a county-wide basis later in the year.

The Authority evaluated and reported on its performance and published its plans for improvement in accordance with the requirements of the Measure

- 31 In November 2015 the Auditor General issued a certificate to the Authority confirming that he had audited the Authority's Improvement Plan in accordance with section 17 of the Measure and the Wales Audit Office's Code of Audit Practice. As a result of that audit, the certificate also stated the Auditor General's belief that the Authority had discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and had acted in accordance with Welsh Government guidance sufficiently to discharge its duties.
- 32 Under the Measure, the Authority is required to annually publish an assessment which describes its performance:
- a in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
 - b in meeting the improvement objectives it has set itself;
 - c by reference to performance indicators specified by Welsh Ministers, and self imposed performance indicators; and
 - d in meeting any performance standards specified by Welsh Ministers, and self imposed performance standards.
- 33 The Measure requires the Authority to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order. The Measure requires that the Authority has regard to guidance issued by Welsh Ministers in publishing its assessment.

- 34 In June 2015 the Auditor General issued a certificate to the Authority confirming that the Authority's Improvement Plan had been audited in accordance with section 17 of the Measure and the Auditor General's Code of Audit Practice. As a result of that audit, the certificate stated the Auditor General's belief that the Authority had discharged its duties under section 15(6) to (9) of the Measure and had acted in accordance with Welsh Government guidance sufficiently to discharge its duties.
- 35 Under the Measure, the Authority is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:
- a make arrangements to secure continuous improvement in the exercise of its functions;
 - b make arrangements to secure achievement of its improvement objectives; and
 - c make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.
- 36 The Measure requires the Authority to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order. The Authority is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Authority has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.
- 37 The work carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

The Commissioner's evaluation of the Authority

- 38 The role of the Commissioner was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 39 The Commissioner works with all authorities in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of authorities to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every 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. The Commissioner issued a **Response to the Annual Monitoring Report 2014/15** to the Authority in August 2015. In September 2015 the Commissioner issued a compliance notice, which listed the standards that the Authority is required to comply with within 6 or 12 months.
- 40 Inspection reports and letters issued to the Authority during the year by the Commissioner are available on the [Commissioner's website](#).

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 park authorities, and fire and rescue authorities.

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

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

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

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

Appendix 2 – Annual Audit Letter

Mr T Jones
Chief Executive
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Pembroke Dock
Pembrokeshire
SA72 6DY

Dear Tegryn

Annual Audit Letter – Pembrokeshire Coast National Park Authority 2014-15

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

The Authority complied with its responsibilities relating to financial reporting and use of resources

It is the Authority'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 requires me to:

- provide an audit opinion on the accounting statements;
- review the Authority'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 29 September 2015, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Authority's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Authority in my Audit of Financial Statements report on 23 September 2015. The audit did not identify any material errors in the draft financial statements, only minor amendments. There are no further issues to report.

I received information in a timely and helpful manner and was not restricted in my work. The audit team will continue work with the finance officer this year to identify areas where further efficiencies can be made to the accounts production and audit process.

I am satisfied that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Authority's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. My Annual Improvement Report will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made.

The Authority continues to improve many aspects of the Park and has responded effectively to cuts in funding, although it could do more to develop some supporting processes.

A certificate confirming that the audit of the accounts has been completed was issued to the Authority on 29 September 2015

The financial audit fee for 2014-15 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 Auditor General for Wales

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