



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

*Report of the Commissioners for
the Isle of Anglesey County Council
to the Minister for Local
Government and Communities*

ANGLESEY COMMISSIONERS
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Quarter One Report
(April – June 2011)

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Foreword

On 18 March 2011, the Minister for Social Justice and Local Government appointed Commissioners to take responsibility for the executive decision making functions of the Isle of Anglesey County Council.

In accordance with their terms of reference and the requirements of the Ministerial Direction, the Commissioners are required to provide the Minister with regular updates on the progress which has been made in delivering the necessary improvements which would enable him to consider bringing formal intervention on Anglesey to an end.

This report is the Commissioners' Quarter One report which covers the period from April to June 2011.

Alex Aldridge (Commissioner)

Byron Davies (Commissioner)

Margaret Foster (Commissioner)

Mick Giannasi (Commissioner)

Gareth Jones (Commissioner)

Isle of Anglesey Commissioners



Councillor Alex Aldridge OBE has been a member of Flintshire County Council since 1995 and represents the Flint Coleshill Ward. Before that he served on Clwyd County Council from 1991 and is also a member of Flint Town Council. He has also served as Leader of Flintshire County Council and in 2004 was appointed Leader of the Welsh Local Government Association (WLGA). His role as WLGA Leader brings a wealth of experience in working with partners both in the voluntary and private sector, as well as the Welsh Assembly Government and the Government in Westminster. A former Corus worker at Shotton, he was previously chair of the North Wales Fire Authority.



Byron Davies OBE has a vast experience of working in local government having formerly served as Chief Executive at South Glamorgan County Council and Chief Executive at Cardiff Council for 20 years. Before setting up his own consultancy business in Cardiff, Mr Davies also sat as Chairman of the Cardiff Local Services Board and Secretary of the Society of Local Authorities and Senior Managers in Wales. He has also been President of the Society of Local Authority Chief Executives in the United Kingdom (SOLACE) and President of the European Federation of Local Authority Chief Executives (UDITE). He is also a Governor at the University of Wales Institute Cardiff.



Margaret Foster OBE was born in Penarth and now lives just outside Caerphilly with her husband. Margaret joined the NHS in Wales in 1974 and led the establishment of the East Glamorgan NHS Trust in 1994 becoming its Chief Executive. She led the commissioning of a number of major Health projects in the South Wales Valleys and established close working relationships with partner organizations to improve services. In April 2009, Margaret became Chief Executive of the Cwm Taf Health Board following the merger of the Cwm Taf NHS Trust with the RCT and Merthyr Tydfil Local Health Boards and has recently retired from this post.



Mick Giannasi retired as Chief Constable of Gwent Police at the end of March 2011, having completed over 31 years police service. He joined Gwent Police as Deputy Chief Constable in 2005 having previously served in Staffordshire and Merseyside where he had responsibility for serious and organised crime, intelligence and specialist operations. He has also made a significant contribution to the work of the police service in Wales as the Chair of the Welsh Region of the Association of Chief Police Officers and Chair the all-Wales Collaboration Programme Board.



Gareth Jones was born in Blaenau Ffestiniog in 1939 and now lives in Llandudno. A teacher and education consultant, Gareth graduated with a BA in Geography from the University of Wales, Swansea and was for many years head teacher of Llandudno's largest secondary school, Ysgol John Bright. Prior to March 2011, Gareth Jones was the Plaid Cymru Assembly member for Aberconwy and was Chair of the Enterprise and Learning Committee. Gareth has also been Leader of the Plaid Cymru Group and Deputy Leader of Conwy County Borough Council. Gareth has held several posts within Plaid Cymru. He was Shadow Minister for Education, and Chair of the Education Committee. His political interests include social justice, the Welsh language and education.

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Purpose of Report

1. This report is the first formal report prepared by the Isle of Anglesey Commissioners for consideration by the Minister for Local Government and Communities.
2. The report is for Quarter One, which covers the three month period April to June 2011. It provides a summary of the progress which the Commissioners have made during their first three months in role and sets out, in broad terms, the key issues which they intend to address as they discharge their duties and responsibilities over the coming twelve months.
3. In particular, the report sets out:-
 - how the Commissioners have organised themselves to carry out their functions;
 - their assessment of the key challenges which they face;
 - the focus of their efforts during their first three months of operation;
 - the early progress which has been made during that time;
 - the issues they intend to address in the short to medium term (i.e. by September 2011);
 - their longer term priorities going forward to May 2012 and beyond;
 - some of the risks which they are having to manage;
 - the way in which they are working with elected Members;
 - eight recommendations designed to seek Ministerial support for the Commissioners' approach.
4. Once agreed by the Minister, the report will be made available to the Council and published on the County Council web site in order that it is available to citizens, members of staff and other stakeholders.

Format of Report

5. Although tangible progress has already been made, the Commissioners are still largely in the preparatory stages of their work - building relationships, taking stock, assessing what needs to be done and developing detailed plans which will help create longer term, sustainable recovery. As such, this initial report is provided in a narrative format. Whilst it makes a series of initial observations, it does not contain definitive judgments or evidenced conclusions. However, it does provide a series of recommendations which are intended to seek the broad support of the Minister for the overall direction which the Commissioners are taking.
6. Work is currently being undertaken with the Welsh Local Government Association (WLGA), Wales Audit Office (WAO) and the Welsh Government to develop a more structured, outcome based format for future reports. Broad agreement has now been reached on an appropriate methodology and the necessary steps are being undertaken to create the assessment framework and the longer term development plan which will underpin it.
7. Once that assessment methodology is in place and agreed, future reports will be prepared on the basis of a mixture of supporting narrative and a risk based, objective assessment against previously agreed deliverables and timescales. This will provide a more robust framework to enable the Minister to assess the progress which has been made and ultimately to decide whether or not it would be appropriate to bring the intervention to an end.

Background

8. The performance of the Isle of Anglesey County Council has provided cause for concern for a number of years. A series of adverse external reviews and inspections has highlighted significant weaknesses, particularly in terms of corporate governance and the effectiveness of the local democratic process. This has been played out through the media, resulting in a lack of public satisfaction in the Council and a lack of confidence in the democratic process.
9. In August 2008, escalating concerns about the lack of progress in addressing these failings resulted in Ministerial intervention by way of the appointment of an Intervention Board and the imposition of an Interim Managing Director.
10. Although some progress was made during this period of initial intervention, continuing instability in the political process hampered the Council's recovery to the extent that in March 2011, a further adverse corporate governance inspection report was published by the Auditor General for Wales.
11. As a direct result of that report, on 16 March 2011, the Minister for Local Government and Communities exercised his powers under section 29 of the Local Government (Wales) Measure 2009 to intervene further in the affairs of the Isle of Anglesey County Council. This resulted in the appointment of Commissioners, the first intervention on this scale in the United Kingdom.
12. The Ministerial Direction provides for a period of intervention of up to fourteen months. Ministers can revoke or amend the Direction at any time and its effectiveness is to be reviewed by the Minister for Local Government and Communities and his officials at four monthly intervals. The purpose of these reviews is to assess compliance against the various recommendations for improvement to enable the Minister to consider whether any function should be returned to the elected members of the Council.
13. The Minister will consider any recommendation from the Commissioners on whether, and if so when, to reduce or end intervention in response to evidence of improvement.

Role of Commissioners

14. The terms of reference set by the Welsh Government, establish one overarching priority for the Commissioners. That is to ensure that the authority complies with Part 1 of the Local Government (Wales) Measure by making arrangements to secure continuous improvement in the way in which it exercises its functions.
15. Inter alia, this requires the Commissioners to exercise all of those functions which were withdrawn from the Council by virtue of the Ministerial Direction, except those which are exercisable by Ministers themselves (i.e. amending the constitution and appointing statutory officers). In effect this requires the Commissioners to operate collectively as though they were the Executive.
16. The executive functions of the Council are defined by exception. The most significant, long-term issues (such as adopting the budget) remain matters for the full Council. In addition, by law, the quasi judicial functions like planning, regulatory and licensing functions remain matters for the relevant committees of the Council.

17. The remaining functions, consisting in essence of strategic decision and policy making functions, (which were previously exercisable by the council's executive) are now exercisable only by Commissioners. Operational and routine service delivery functions remain delegated to officers.
18. Although the Council retains responsibility for a number of key functions, there is a safeguard against perverse or obstructive decision making. Commissioners have reserve powers provided by Welsh Ministers where the Council or its committees fail to have regard to the advice of the statutory officers (i.e the interim chief executive, monitoring officer and section 151 officer)
19. The role defined for Commissioners has been communicated within the Council, through the media and through a variety of channels (e.g. website, newspapers, attendance at meetings) to the citizens of Anglesey. There is a good level of understanding amongst Councillors and officers and the revised arrangements for the day to day business of the Council are now in place and operating well in practice.

Accountability of Commissioners

20. In exercising the functions removed from the Councillors and conferred on them by the Minister, Commissioners are accountable to the full Council along with its scrutiny and audit committees, as the executive was previously. The Commissioners are free to decide amongst themselves how such accountability should work in practice, e.g. which of them should appear before a scrutiny committee in each case. However, all Commissioners should attend meetings of the full Council.
21. Aside from this formal accountability, Commissioners are expected to consult members of the Council regularly to ensure that their decisions fairly take account of all relevant views within the Council. They should also ensure that they communicate openly and effectively with the people of Anglesey, both about the decisions that they make and, more generally, about the progress that the Council is making towards recovery.
22. Commissioners are not formally accountable for their decisions to the Minister, and the Minister has no power to overrule them. However, they should provide the Minister with regular reports on their work and on the progress of the Council. They should also contribute to the periodic reviews of the Minister's intervention, as specified in the direction.

Historical Concerns

23. In order to understand the challenges which the Commissioners face in facilitating recovery, it is helpful to summarise, briefly, the historical concerns which have resulted in the current intervention.
24. For a number of years now, the Isle of Anglesey Council has been the subject of a range of statutory evaluations and regular reporting from external audit and inspection bodies. This includes, in particular, audit and evaluation by the Wales Audit Office (WAO), Pricewaterhouse Cooper LLP as appointed external auditors, Estyn and the Care and Social Services Inspectorate Wales (CSSIW).
25. These statutory and regulatory assessments have been complemented by a number of issue specific peer reviews, predominantly looking at support service arrangements. This includes reviews of the finance, HR and ICT functions. These reviews have been commissioned locally, typically as part of the local government support programme provided by the WLGA.

26. The Recovery Board also reflected on governance and support service arrangements and the Council itself, both through the work of its own internal audit and officers' reports, has provided additional perspective.
27. Taken collectively, these evaluations have been consistent in highlighting a number of common weakness, pointing to a requirement to:-
- improve citizen and community engagement;
 - develop strategic priorities with more outcome focussed measurement;
 - introduce a robust process for the management of strategic risk;
 - improve strategic performance management; and
 - improve the capacity, quality and management of corporate support services.
28. Where bodies such as the WAO have been reporting regularly as part of their statutory remit, recommendations have by their nature become repetitive with concerns highlighted about the ability of the council to respond to previous report recommendations.
29. Inspections which evaluated front line services generally did not provide extensive perspectives on the corporate governance and support service arrangements that underpinned the delivery of those services. However, where they did, they were generally consistent with the findings set out above.
30. These issues have therefore become the basis of the Forward Work Plan which Commissioners are currently working to and will form part of the longer term action plan against which they will report in future Quarterly Reports.

Welsh Government Concerns

31. The Ministerial Direction provides that in carrying out their roles, the Commissioners should have particular regard to the underlying weaknesses in corporate governance which were identified by the Auditor General for Wales. In summary, these are:-
- relationships between Members and political groups;
 - relationships between Members and officers;
 - standards of conduct and behaviour by Members;
 - the effectiveness of the Council's Standards Committee;
 - scrutiny and its ability to effectively challenge and influence decisions and policies;
 - the organisation, coherence and effectiveness of the Council's senior management team;
 - the capacity to undertake and implement strategic planning and performance management across the Council's functions and in ways which fully engage with and reflect the views and priorities of the citizens of Anglesey.
32. These issues have also been addressed by Commissioners in their Forward Work Programme and will form part of their longer term action plan going forward.

Commissioners Assessment

33. Over the past three months, whilst being careful to avoid duplication of work which has previously been undertaken by other bodies, Commissioners have taken the opportunity to take stock of the current position and with support from the WLGA have conducted their own high level assessment of what needs to be done to drive recovery and achieve long term sustainability.
34. Whilst some tangible progress has been made during the initial period of intervention , it is the view of the Commissioners that the underlying problems which were identified by previous reviews, in particular those relating to corporate capacity, capability and competence, still largely remain to be tackled.
35. More worryingly, in some areas, for example in the finance function, matters appear to have worsened rather than improved. The failure for a second year in succession to produce the annual statement of accounts within the statutory timescales is an indication that the fundamental problems which have been identified by previous inspections and reviews have still not been addressed.
36. A review of the way in which the Council has addressed and managed the recommendations from regulatory and peer review reports indicates that whilst some arrangements exist to track internal audit report recommendations, there has been no comprehensive corporate approach to assimilating the range of external report recommendations, analysing their impact, and ensuring that they form a part of strategic corporate action plan which is monitored through robust tracking arrangements. The same lack of monitoring and control applies to management of internal development work and the delivery of outcome agreements.
37. As a result, the status and continued relevance of some recommendations remains unclear and there has been a lack of demonstrable progress against important priority programmes. Officers continue to refer to a lack of capacity as a reason for not responding to the criticism in report recommendations and there is no structured, collective or managed ownership of the issues.
38. Commissioners have identified that encouraging internal ownership and creating the momentum for change is important. For that reason, as one of their early priorities, Commissioners have initiated work by the WLGA to:-
 - identify those recommendations which remain relevant and current;
 - identify and implement practical recommendations (quick wins) that will build confidence;
 - establish momentum and encourage local ownership;
 - consider and reflect upon the underpinning strategic issues which will facilitate better corporate governance and improve cohesion in the longer term;
 - identify opportunities for shared services and collaborative working as a means of addressing gaps in capacity and capability;
 - consider opportunities to reconfigure service delivery and organisational structure;
 - ensure that task and finish groups are being utilised effectively;
 - provide effective reporting mechanisms for Commissioners and Ministers.

This work has already informed the Commissioners' Forward Work Programme for the remainder of 2011/12 and will be a significant element in the development of a longer term action plan which will be produced by the end of September. In addition, the Chief Executive has initiated a corporate-led initiative to analyse these recommendations and more robust governance and monitoring arrangements have now been established.

39. The intervention process appears to have resulted in a task-focused approach where ticking off the recommendations and actions is often seen as more important than the outcome. This seems to have produced a tendency toward short term, silo-based working rather than collective efforts to address some of the longer-term fundamental issues which are inhibiting longer term sustainable progress.
40. Whilst the early experience of the Commissioners validates, to a great extent, the findings of previous reviews, the insight which they have gained into the way in which the Council operates is deeper and perhaps more sophisticated than that achieved by external bodies. That is not surprising given that Commissioners are embedded within the organisation, working alongside officers and elected members on a day to day basis. Effective working relationships have been established which have enabled a more open and transparent dialogue and a richer opportunity to identify some of the underlying causes as well as the symptoms.
41. Previous reports have tended to lay responsibility for the failings of the Council largely at the door of the democratic process and elected members. And it is undeniably true; there is a real need for more effective democratic leadership and there are some fundamental problems to be addressed if that is to be delivered. However, in the view of Commissioners, there are similar gaps in the capacity and capability of some officers which must be addressed if real and sustainable progress is to be made.
42. These problems may well be symbiotic and are undoubtedly linked to if not caused by the difficult political environment in which the Council has operated for a number of years. Innovation and creativity has not been encouraged and officers have spent a disproportionate amount of their time and effort in dealing with internal conflict and inappropriate member behaviour. Whilst it is certainly not universal, Commissioners' early experience points to a lack of cohesion, a lack of creativity and a lack of openness to change which is inhibiting real progress in tackling some of the fundamental problems which the organisation faces. This is apparent, for example, in the Human Resources function where Commissioners are having to tackle a range of legacy issues including a long standing equal pay claims and a proliferation of temporary postings. This is now being addressed with the support of the WLGA through the development of a HR Strategy.
43. Most previous audit and inspection activity has concluded that despite the Council's failing in terms of democratic leadership and corporate capacity, the services provided to its citizens is at least acceptable and in some cases good. Commissioners believe that whilst that may have been the case in the past, the 'cracks are now starting to appear' and the failings in democratic leadership and gaps in corporate capacity and capability are starting to impact on service. The recent adverse CCSIW report into Children's Services highlights the need for swift and effective action to prevent further damage to services.
44. For that reason, the Commissioners are developing a twin track approach which focuses on making progress against the recommendations and findings of previous audit and inspection reports but also starts to address longer term development issues like for example, the:-
- need to develop a coherent and shared vision which drives activity;
 - need to create a customer-focused ethos amongst all members of staff at all levels;
 - development of a clearly defined set of organisational values which guides staff behaviour;
 - need to create a joined up approach to service delivery.
45. It is the view of Commissioners, that these aspects of corporate governance must be given equal weight in the programme of work if meaningful longer term progress is to be made going forward.

Recommendation One – Commissioners believe that a ‘twin track’ approach is necessary in order for sustainable recovery to be achieved. In addition to the issues identified by previous audit and inspection work, Commissioners have identified the need to tackle some fundamental underpinning issues like organisational vision, values and culture as well as developing the personal capacity and capability of officers as a means of improving services to Citizens. The Minister is invited to ratify this approach.

Commissioner’s Strategic Work Programme

46. To this point, the report has focused on establishing the context in which the Commissioners are operating and setting out the key challenges which they face in meeting their terms of reference. The remainder of the report focuses on what has been achieved so far and more importantly, what is planned for the future.
47. Clearly, Commissioners cannot ignore the past; the past provides the context against which sustainable progress needs to be made. However they have, and will continue to focus their time and energy on working with Members, with officers and with the Welsh Government to deliver a sustainable future going forward.
48. In particular, Commissioners have focused their efforts on creating the conditions where the early progress which was made during the period in which the Recovery Board was in existence can be consolidated and quickly moved forward to ensure prosperity and well being for the citizens of Anglesey whilst at the same time, securing the sustainable provision of effective, value for money, local services.
49. The Commissioners Strategic Work Programme has therefore been established in five phases to coincide with the Ministerial reporting periods as follows:-
- **Quarter 1** (April to June 2011) – engagement, intervention and establishment of business arrangements (April), re-engagement with Councillors (after the Annual General Meeting in May), develop more businesslike operating at corporate and individual level (June);
 - **Quarter 2** (July to September 2011) – redefinition of the corporate planning process, budget strategy, and addressing inconsistencies in organisational structure, capacity and capability;
 - **Quarter 3** (October to December 2011) - citizen engagement, democratic renewal and consultation for the 2012/13 planning process.
 - **Quarter 4** (January to March 2012) – publication of Corporate Plan and Medium Term Financial Plan.
 - **Exit Arrangements** – (March 2012 onwards) – put in place effective transition arrangements following the election of a new Council (assuming that this takes place in May as planned)
50. Commissioners have already alerted the Minister to the need to agree transition arrangements which would ensure the smooth transfer of ownership and accountability back to elected members. Proposals to achieve this (where appropriate) will be developed during Quarter Four.

Recommendation Two –The Minister is invited to agree the Commissioners’ high level Strategic Work Programme as set out in paragraph 49 of this report.

Initial Engagement

51. It is important to remember that although all five Commissioners are now in place, three of the Commissioners, Mick Giannasi, Gareth Jones and Margaret Foster were, to varying degrees, extracting themselves from existing commitments during April, May and the early part of June.
52. As such, a great deal of the early work fell onto the shoulders of two Commissioners, Byron Davies and Alex Aldridge. In that context, the amount of progress which has been made is substantial and solid foundations have been laid for the challenges which follow.
53. All five Commissioners are now in place and since the end of May, each of them has been spending an average of two days per week on the Island. Although some flexibility is required to cover meetings and events, this means that in normal circumstances, there is at least one Commissioner present throughout the working week. Monday has been set aside as the day when all five Commissioners come together to do business. As such, the formal business processes of the Council have been built around that day.
54. A monthly cycle has been developed, based on a formal decision making meeting held in public. This is supplemented by an interim working meeting with officers and informal weekly meetings held in private between the five Commissioners.
55. From July onwards, Commissioners will be producing a monthly highlight report to enable Welsh Government officials to brief Ministers on a more frequent basis and are developing regular monthly media and citizen briefings.
56. These processes have been designed to complement the existing constitutional and business cycles of the Council and whilst some further incremental adjustment may be necessary, in general terms, the arrangements are working well. As a result, Commissioners have been able to maintain what might be called 'business as usual momentum' and in most areas of business have been able to increase the pace of progress.
57. In addition, the Commissioners have assumed the majority of the functions previously undertaken by the Executive, including, where appropriate, representation on external bodies and groups. They have been careful to assume only those which have executive decision making functions and of the 103 representative functions which currently exist, 98 of those have been preserved for Member involvement.
58. Commissioners have also established forums to enable regular and ongoing dialogue with Councillors, officers, staff, unions and other key stakeholders both internal and external. The scale of that task for five people working on a part time basis should not be underestimated and it has only been possible with the full and active support of Members, particularly those who make up the shadow executive and the Interim Chief Executive and his team.

59. In practical terms, the Commissioners gelled together quickly as a team and have a range of skills and abilities which complement and add value. A constructive but challenging working relationship has developed and there is a sense of corporacy and shared ownership amongst the team. Feedback suggests that this kind of role modelling behaviour is having positive benefits in terms of both member and officer development.
60. With the active support of the Interim Chief Executive and his officers, the Commissioners administrative arrangements are now bedding in and by and large, three months in from a standing start, it is the view of Commissioners that they are broadly where they ought to be at this stage, and more importantly, well positioned to make substantial progress over the next 12 months.

Commissioners' Portfolios

61. Each of the five Commissioners has collective, joint and several responsibilities to carry out the executive functions of the Council. However, for practical purposes, they have allocated themselves specific portfolio responsibilities, based on their individual skills and backgrounds in delivering public services. In effect, this replicates to a significant degree, the portfolio arrangements which existed under the Executive, albeit in a more logical and simplified manner.
62. The portfolio allocations are as follows:-
- Alex Aldridge leads on planning, economic development and environment;
 - Gareth Jones leads on education and leisure portfolio;
 - Margaret Foster leads on housing and social services functions,
 - Byron Davies on corporate services, finance and business planning;
 - Mick Giannasi leads on community engagement and legal services.
63. Although portfolio responsibilities have initially been allocated on the basis of existing arrangements, in consultation with the Interim Chief Executive, Commissioners envisage that some adjustments will be necessary in due course as a more logical organisational structure emerges from the on-going review of the corporate centre.
64. Each of the Commissioners has now met with officers in their individual portfolios and to varying degrees, based on the time available, has established effective working relationships. These arrangements will continue to be refined and developed in the forthcoming months but in broad terms each of the Commissioners has adopted a similar approach, acting as critical friend and mentor whilst at the same time, holding officers to account, in a supportive but challenging environment.
65. In many areas, Commissioners have already been able to utilise their background, skills and experience, as well as their network of contacts across the public sector in Wales, to challenge existing thinking and practice and to add value to the way in which services are delivered locally.

Recommendation Three –The Minister is invited to note the way in which Commissioners are operating and to consider whether and to what extent this might provide an effective template should similar intervention be necessary in the future.

Early Progress

66. Within the overall strategic framework set out in paragraphs 46 to 50 above, the Commissioner's initial focus has been in five broad areas. Meaningful progress made in each area as follows:-
67. **Executive Responsibility** - Commissioners have fully assumed the executive decision making functions of council and in the process have sent a clear signal that the Council is 'under new management'. Elected members were immediately distanced from their decision making responsibilities in a way that may have appeared to some, to be a quite clinical. Commissioners recognised that for the former Executive in particular, this was difficult. However, it was necessary to send a clear and unequivocal message to the public, to elected members, to staff and to partners alike, that the Council is now being managed in a different, more business like way. In particular Commissioners needed to create an environment where officers were given the freedom to operate without the inappropriate political interference which in some areas, has inhibited progress. This has been well received by officers and it is fair to say that morale has improved noticeably as a result.
68. **Communication** - As best as has been possible in the time available, Commissioners have communicated their roles and responsibilities to a range of stakeholders, both internally and externally. They met very quickly with Councillors, senior managers, staff and unions and have been providing information to the people of Anglesey through the local media and other communications channels, like the Council's website. In addition, Commissioners have been in early and meaningful discussions with local authority partners, regulatory bodies, the energy industry and a range of other stakeholders, all of whom, to a significant extent, hold the key to the future sustainability of the Island and the Council.
69. **Operational Continuity** - In establishing their working methodology, Commissioners have been careful to balance the need for change against the need to ensure that there has been no hiatus and that, as far as possible, operational continuity or in other words, 'business as usual', has been sustained. That approach has enabled Commissioners to rapidly progress a range of programmes, policies, strategic decisions and constitutional amendments which are essential to the future development of the Council and more importantly to the future economic prosperity and well being of the people of Anglesey. This includes, for example:-
- the business plan and budget for 2011/12;
 - the planning framework for the Energy Island programme;
 - the approval of the joint regional development plan with Gwynedd County Council;
 - the approval of a framework for schools modernisation;
 - new policies on CRB checks and planning procedures.
70. In fairness, it is appropriate to point out that some of these things had been developed by officers with the active involvement of the former Executive, although typically, their administrative progress had been hampered by the political and personal conflicts which lie at the heart of the Council's problems. That is demonstrated in the fact that at the first Commissioners Board meeting in March, eighteen significant policies or papers were progressed. In some cases, further work is required, particularly in the case of the corporate business plan, the budget and the forward work plan but in the view of the Commissioners, they do provide a reasonable basis for moving forward.

71. **Management Transition** - Commissioners have focused a significant amount of time and effort in managing the departure of the Interim Managing Director to ensure that the transition has been as smooth as possible and caused the least disruption. Having considered a range of options, including a number of potential candidates identified by external consultants, Commissioners are delighted that the Minister accepted their proposal that the Council's Director of Education and Leisure, Richard Parry-Jones, be appointed as Head of Paid Service and Chief Executive on an interim basis pending the appointment of a longer term replacement. Stability and continuity are vital at this stage in the Council's evolution and the Commissioners are grateful that Mr. Parry-Jones was prepared to take on the challenge. His appointment has been widely well received. His personal credibility, his reputation and in particular, his track record of working collaboratively in the field of education will provide an opportunity to build bridges going forward. The Commissioners believe that he is the right person to lead the organisation at this particular time and are productively working with him as they seek to create a sustainable future for the Council.
72. **Assessment** - Commissioners have been taking stock, assessing what progress has been made and more importantly, what now needs to be done to continue the Council's recovery and build a sustainable future which will ultimately deliver benefits for the people of Anglesey. In the process, they have consulted widely with key stakeholders, like the Welsh Government, the Wales Audit Office, the auditors, Pricewaterhouse Cooper LLP and the former Recovery Board. In particular, Commissioners have been working closely with regulators to align work plans as effectively as possible to the change agenda. They have also worked very closely with the Welsh Local Government Association who have been extremely helpful in providing access to a range of specialist advisors and subject matter experts who have been supporting the Commissioners in key areas. Significant amongst those has been the appointment of Doug Elliott, a former head of the Audit Commission's office in Wales, who is both conducting a review of the Corporate Services within the Council and drawing together the various strands of outstanding work to ensure that the Commissioners' forward work plan captures those outstanding recommendations from previous reviews which still remain relevant. He is also working side by side with the Interim Chief Executive in real time to develop some of the organisational changes which are required to build corporate capacity and capability.
73. **Networking** - Through their existing network of contacts and the constructive working relationship with the Welsh Local Government Association, Commissioners have also been able to link Anglesey officers with colleagues in other Councils who are recognised as delivering best practice in their field. For example, staff from the corporate planning team, have been linked with Torfaen County Borough Council and Gwent Police who are widely recognised for their exemplary approach to community engagement, an area where this Council needs to significantly improve its approach. Consultation has also taken place with Conwy and Carmarthenshire County Councils on corporate planning issues. Commissioners have also met with senior policy officers from the Welsh Government to identify opportunities to improve the Council's core services.

Summary of Early Progress

74. In summary, in their first four months in situ, the Commissioners have:-

- assumed executive responsibility;
- established effective working arrangements;
- created management stability with the interim appointment of Richard Parry-Jones;
- maintained business as usual and made important progress on a range of key issues;
- taken stock and begun to prepare a plan of action going forward;
- linked council staff into their network of contacts.

Immediate Priorities

75. Whilst the Commissioners' longer term plans are being developed, there is much which needs to be done in order to sustain the early progress which has been made. In the short to medium term, the Commissioners will be working with the Chief Executive and his team in seven key areas, all of which have been identified in their initial assessment (and for that matter in previous reviews) as requiring early attention and all of which are critical to the delivery of the longer term vision.
76. The seven key areas where the Commissioners are currently focusing their intentions are as follows-
77. **Review of the Corporate Centre** - One of the Commissioners' key priorities in building a sustainable future is to strengthen the 'Corporate Centre' of the organisation. Previous assessments have concluded that, although there are significant development needs in terms of corporate governance and democratic leadership, the services provided by the Council to its communities are at generally acceptable and in some cases good levels, when compared to similar Councils. However, there are gaps and in some areas, there are weaknesses that are not necessarily recognised by those who run the services. Although the Council's services are, by and large, not broken, Commissioners take the view that the prospects for further improvement are limited unless immediate and decisive action is taken to strengthen the capacity and capability of key corporate services functions, like financial management, business planning, resource planning and human resources. Those functions are the brain and heart of the organisation and unless they are strengthened, the quality of the services which the Council provides cannot be sustained, let alone improved, against a background of severe financial constraint.
78. The Commissioners' initial assessment has identified gaps in the corporate centre, some structural, some skills-based and some linked to a lack of capacity in critical areas. A review of the corporate centre is currently being conducted by Doug Elliott, a consultant engaged on behalf of the Commissioners by the Welsh Local Government Association, and his findings will form a significant part of the Commissioners' longer term action plan going forward.
79. In consultation with Commissioners and with the active support of Doug Elliott, the interim Chief Executive has already developed proposals for restructuring the organisation to both consolidate and enhance corporate support services and prepare functions for stronger alignment to the regional change agenda. Commissioners are currently considering these proposals and intend to move quickly to implement revised arrangements. Development work is also underway in other areas, notably in terms of performance and risk management.
80. **Community Engagement** - The best interests of the citizens of Anglesey should lie at the heart of everything which the Council does. Sadly, the Commissioners' assessment and the assessment of those who have reviewed the Council before them, suggests that is not always the case. Over the past five years, the way in which public bodies engage with those they serve has changed significantly. People are no longer willing to have services imposed upon them. Many people want to be involved much more closely in shaping and influencing the services which impact on their day to day lives. They also want their public servants to be visible and accessible and they want information so that they can hold those who provide their services to account. And when things go wrong, they want swift and effective action to put them right.

81. Whilst other Councils have embraced community engagement and redesigned their services around the needs and aspirations of their citizens, Anglesey has lagged behind and has not invested the resources which are needed in this important area of business. Working with external support from Councils with recognised expertise in the field, officers are developing a revised Community Engagement Strategy which will also form a significant part of our longer term strategy. The involvement of elected members and in particular the shadow Executive is a vital element in the success of this programme and there is wide support for this development.
82. **Business Planning** - Although Commissioners have inherited a business plan and a budget for the 2011/12 financial year, it lacks the level of sophistication which is required to build a sustainable future. Commissioners were in effect presented with a fait accompli given that the plan was in the final stages of approval at the time of intervention. In particular, the links between the planning process, budgetary process and human resource planning are not sufficiently defined. A revised planning and performance management framework is being developed which will result in a more cohesive, forward looking plan for 2012/13 based on more meaningful consultation with citizens and other stakeholders. It is also designed to create a much stronger integration of corporate and financial planning. Again, this work is based on good practice identified in other Councils.
83. **Collaboration and Shared Services** - In the current financial environment, it is vital that local authorities, particularly smaller authorities like Anglesey, exploit the opportunities for efficiency which lie in collaboration and shared services. Whilst Anglesey has been at the forefront of some forward thinking collaborative work in the area of education and has developed some worthwhile shared services at operational level, in general terms, opportunities to develop with strategic alliances with other agencies and in particular, the five local authorities in North Wales, have not been fully embraced. This is partly based on a lack of openness to change within the organisation and partly due to a perception that the Council has disengaged from the collaboration agenda. With the active support of the Interim Chief Executive and the Welsh Local Government Association, Commissioners have signaled a willingness to re-engage and are now contributing constructively to a number of strategic partnership forums, most notably, the North Wales Strategic Partnership.
84. **Economic Development** - There is a broad consensus that economic development is the key to the future prosperity of the Island and in that respect, the Commissioners have actively picked up the reins of a number of key programmes, like Wylfa, Energy Island and the Regional Development Plan. These initiatives were developed by the previous Executive but stalled due to the political instability which existed within the Council. Commissioners have signaled a more collaborative, more facilitative approach which has been well received by stakeholders and officers alike. Again, this will be a key strand of the Commissioners' longer term plans. Time is of the essence, and this is providing a significant call on Commissioners' time and energy.
85. **Constitutional Change** – Under the terms of the intervention, any changes to the Constitution will require the consent of the Minister. A number of proposed changes have been recommended by Commissioners and the majority have been accepted by the Council. In particular, changes have been made to planning rules in order to increase public confidence and a CRB policy has been implemented.
86. **Service Development** - Albeit insufficient to avoid the appointment of Commissioners, there is no doubt that progress has been made in many areas since the early stages of intervention. Much of the credit for that is due to the officers of the Council with the active support and guidance of the former Leader and his Executive. However, it is equally fair to say that progress has been inhibited by the political inertia which has beset the Council for many years.

87. Commissioners are actively working with the Interim Chief Executive and his senior team, to create a supportive but challenging environment which gives them the bounded freedom to develop improved services for the people of Anglesey. In short, the Local Authority is becoming more businesslike and Commissioners are working with officers as critical friends to ensure that progress is sustained and a legacy created for the future.

Summary of Immediate Priorities

88. In summary, the immediate priorities for the Commissioners, which they will build upon by September to create a longer term 'road map' are :

- reviewing and strengthening the corporate centre;
- developing a community engagement strategy;
- enhancing the business and financial planning process;
- re-engaging in the collaboration and shared services agenda;
- developing the economic development programme;
- strengthening the Constitution where necessary;
- working with officers to facilitate improved services for the people of Anglesey.

Recommendation Four –The Minister is invited to note the immediate priorities which the Commissioners are currently pursuing and to acknowledge the early progress which has been made.

Longer Term Plans

89. Commissioners intend to produce their longer term strategy, supported by a detailed action plan, by the beginning of September. They will set out what has been described by Councillors as a 'road map' for the future. This term has gained currency and has been adopted by Commissioners.

90. The 'road map' will consolidate the progress which has been made to date and set out a longer term strategic vision which:

- puts the citizens of Anglesey at the heart of everything the Council does;
- restores public and stakeholder confidence in the Council and its administration;
- delivers cost effective services which are valued by the public;
- brings long term prosperity and well being to the people of the island;
- ensures future sustainability against the background of significant financial constraint.

91. At some stage, intervention must come to an end. However, that cannot happen until those who are chosen by their fellow citizens to govern the Island are able to do so in a responsible, collegiate and effective manner. For that reason, the longer term action plan will fully support the Welsh Government ambitions to promote democratic renewal on the Island by encouraging greater and broader public engagement in local democracy. Unless there is a fundamental improvement in the way the democratic process operates in Anglesey, then any progress which is made in terms of capacity and capability will not be sustainable.

92. A democratic renewal programme is currently under development and will be launched at the County Show on 08 August 2011.

Recommendation Five –The Minister is invited to agree the strategic direction which Commissioners intend to reflect in their long term plans (as set out in paragraph 90 above)

Relationships with Elected Members

93. Commissioners believe that the development of an effective working relationship with elected members is a critical issue in moving the Council forward. As such, a significant amount of time and energy has been invested in this area.
94. In general terms, the relationship which has been developed between Councillors and Commissioners is a constructive one and a sense of resigned acceptance has now emerged from initial resentment. Indeed, informal feedback suggests that many elected members have now accepted intervention and are seeing the presence of Commissioners as a real opportunity to make progress. If there is overt resentment, it tends to be directed towards Ministers and Government officials rather than Commissioners.
95. For the most part, since the fractious Full Council meeting in May, interactions between Councillors, Commissioners and Officers have been measured, balanced and co-operative. However, informal feedback suggests that some of those whose behaviour was previously disruptive are 'keeping their heads down' waiting for the intervention to cease in order that they can 'resume' business as normal. There is also some evidence of negative briefing but nothing significant which has spilled out into the public arena. Despite those issues, there are clear signs of a more businesslike approach emerging and the quality of contributions from members to meetings and other forums has noticeably improved.
96. Generally speaking, there has been little overt resistance or opposition to the policies and strategies which have been approved or recommended by Commissioners. Indeed the ability to put forward contentious decisions in an apolitical way has resulted in much more focused debate on a range of critical issues which in the past would probably have not 'got beyond the starting line'. The one notable exception was a change in the planning rules which prevents members of the planning committee from voting on applications in their Wards. This was referred back to Commissioners for further consideration but the original decision was subsequently upheld. This resulted in some negative media comments by Councillors but positive feedback from the public.
97. Commissioners are very conscious that the experience of intervention cannot have been easy for some Councillors, particularly those who have attempted to embrace the challenges which were presented by Ministers. Many initially felt devalued and questioned what role they have to play in the future development of the Council.
98. Commissioners have now effectively reassured Members that their role is as important now as it ever has been. The way in which Councillors respond in the coming months will not only shape the future of the Council, it will also influence the Ministers decision about returning executive decision making powers back to the Council.
99. Members still have significant influence within their local communities and the extent to which they support what the Commissioners are seeking to do will be vital to the way in which it is received by the public.

100. When they were appointed by the Minister, Commissioners made a conscious decision to distance Councillors from the decision making process in order to send a clear and unequivocal signal that things had changed. For those members of the Executive in particular, that must have been difficult. The Commissioners make no apologies for that. It was necessary to do it that way. However, that distancing between democratically elected members and the decision making functions of the Council is not sustainable.
101. The 'healing process' began when a new Leader and a Shadow Executive were appointed on 12 May 2011. This was a relatively trouble free process with no sign at this stage of the kind of political fragmentation which beset previous administrations.
102. Commissioners have always said that their intention is to be in Anglesey for as short a time as possible. However, before they can recommend to the Minister that their work is done, they will need to be sure that the conditions are right and that the problems of the past will not re-emerge as soon as they leave. For that to happen, there has to be fundamental change in attitudes, cultures and behaviours.
103. Clearly, any decision about returning executive powers to elected members is some way off and in any case the decision is one for the Minister to make based on recommendations from Commissioners. However, as an initial step, the shadow executive has been re-engaged to work alongside Commissioners to observe the way in which they are operating both as a group and within individual portfolios. In general terms, the relationships which are developing are proving to be mutually beneficial and there has been a useful two way exchange of views and information. The shadow executive is invited to attend Commissioners Board meetings and is permitted to speak on agenda items by prior arrangement.
104. In the meantime, although their decision making powers have been removed, Councillors retain strategic responsibility for the overall direction and control of Council. In that respect, it is important that they hold Commissioners to account and where appropriate, scrutinise their decisions through the appropriate channels.
105. One of the areas where the Council must become more effective is in the way in which it uses scrutiny as a function and the presence of Commissioners provides the opportunity to develop it into a more substantial and meaningful process. A significant amount of effort has gone into improving the scrutiny process and the early signs are encouraging. In particular the scrutiny schedule has been aligned with the Commissioners' Forward Work Programme to ensure that key policies and strategies are subject to scrutiny before they are presented to Commissioners for decision.
106. Members have been encouraged to continue to represent the interest of constituents and they have been permitted access to officers on local matters which concern them. However, such access is being carefully monitored to avoid the inappropriate behaviours of the past and officers have been encouraged to challenge where necessary.
107. By law, elected Members have retained a number of key functions like Planning and Audit and are representing the Council on a wide range of issues. Indeed, of the 103 external appointments which the Council makes, only five of those have been retained by Commissioners because of the strategic nature of decisions which are made.

108. Commissioners' experience to date is that the majority of Councillors have been supportive and have demonstrated a willingness to work with Commissioners to put the Council on a more business like footing for the future. Those whose behavior created problems previously are still present, although in fairness, they have moderated their behaviour. However, there is clearly a significant amount of progress to be made before Commissioners could advise the Minister that the conditions have been created where it would be appropriate to bring the intervention to an end.

Recommendation Six – The Minister is invited to note the encouraging signs of change in the behaviour and approach of the majority of democratically elected members.

Recommendation Seven – The Minister is asked to ratify the decision to re-engage elected Members post the May AGM and to permit Commissioners at their discretion, to make further concession.

Recommendation Eight – Although progress is being made, Commissioners would advise the Minister that the conditions have not yet been created where a return to full democratic control could be considered.

Quarter Two Report

109. The next Commissioners' progress report is due to be delivered at the end of September 2011. By that time the necessary longer term action plan and performance evaluation methodology will be in place to enable a more objective, outcome based assessment to be prepared. That in turn should enable Commissioners to make some more finite judgments and firm recommendations for the Minister to consider.

110. Ministers will be aware that the organisation currently faces a number of corporate risks, not least amongst them the lack of a robust framework for risk management. This gap will be addressed by the end of September. However, in the meantime, Commissioners are working closely with the interim Chief Executive to ensure that there are effective mitigation plans in place. A comprehensive assessment of risk will be incorporated into the Quarter Two report.

Conclusions

111. This report provides a brief summary of the progress which the Commissioners have made during their first four months in office and sets out in very broad terms the key issues which they intend to address as they discharge their duties and responsibilities over the next twelve months.

112. Within the near future, the Wales Audit Office will produce its Corporate Assessment update report. Commissioners have met with Auditor General to discuss the key findings and although the report has not yet formally been published, it is clear that there is a significant degree of correlation with the views expressed in this report.

113. Both reports broadly conclude that it is too early at this stage to make definitive judgments about the success or otherwise of the latest phase of intervention. There is still a great deal of work to be done to deliver against the recommendations of previous inspection reports, let alone tackle the underpinning strategic issues of vision, values and organisational culture which will help deliver longer term sustainable recovery.
114. However, solid foundations have been built, effective working arrangements have been established and the work to produce a sound basis for sustainable recovery is well underway. There are green shoots in a number of areas, not least amongst them in the way in which most elected members have responded positively to the latest intervention and the stability which has been created by the appointment of Richard Parry Jones as interim Chief Executive.

Summary of Recommendations

115. This report contains eight recommendations which Commissioners would invite the Minister to consider, namely:-

Recommendation One – Commissioners believe that a ‘twin track’ approach is necessary in order for sustainable recovery to be achieved. In addition to the issues identified by previous audit and inspection work, Commissioners have identified the need to tackle some fundamental underpinning issues like organisational vision, values and culture as well as developing the personal capacity and capability of officers as a means of improving services to Citizens. The Minister is invited to ratify this approach.

Recommendation Two –The Minister is invited to agree the Commissioners’ high level Strategic Work Programme as set out in paragraph 49 of this report.

Recommendation Three –The Minister is invited to note the way in which Commissioners are operating and to consider whether and to what extent this might provide an effective template should similar intervention be necessary in the future.

Recommendation Four –The Minister is invited to note the immediate priorities which the Commissioners are currently pursuing and to acknowledge the early progress which has been made.

Recommendation Five –The Minister is asked to agree the strategic direction which Commissioners intend to reflect in their long term plans (as set out in paragraph 90 above)

Recommendation Six –The Minister is invited to note the encouraging signs of change in the behaviour and approach of the majority of democratically elected members.

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