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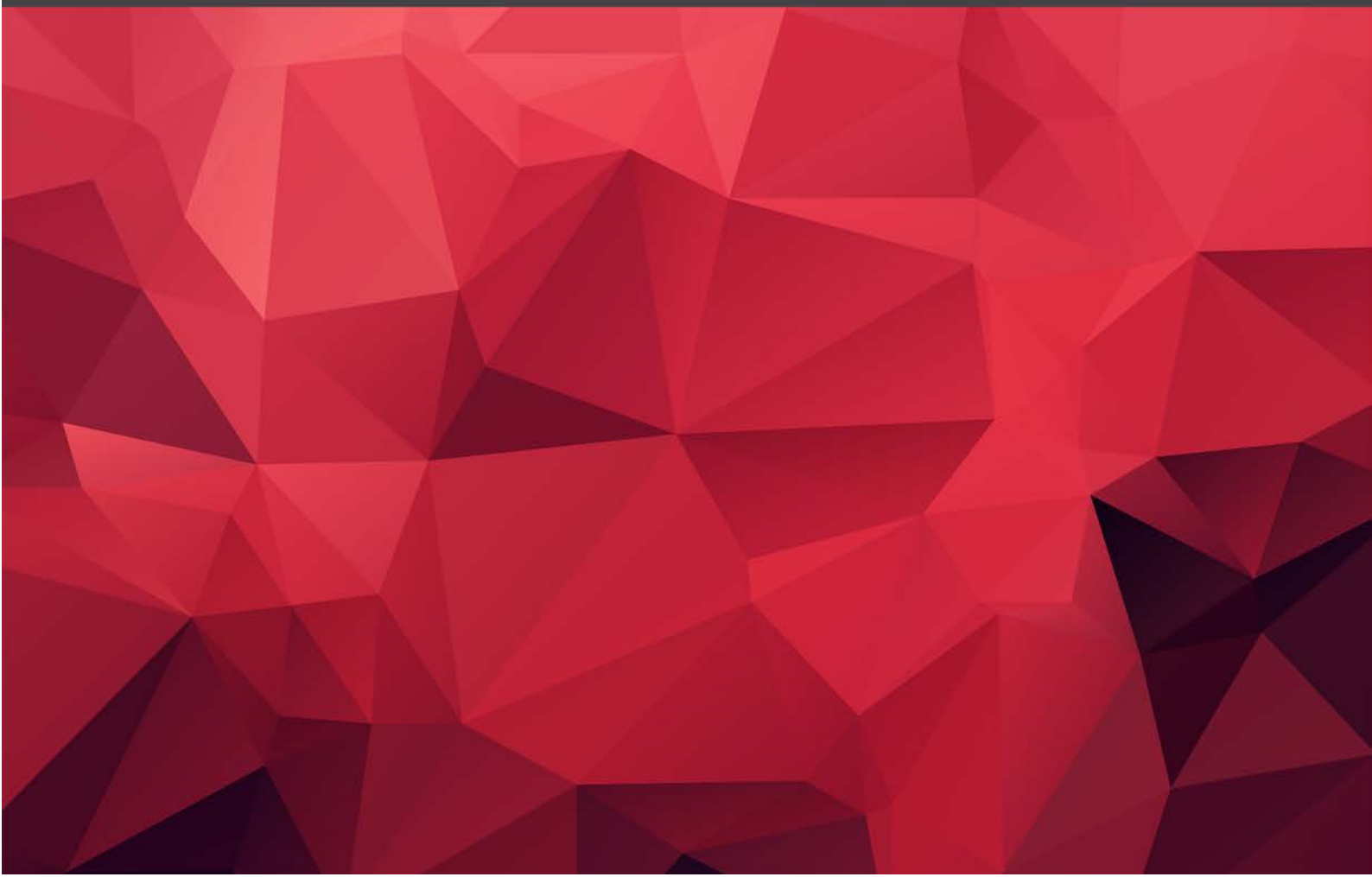
Good Governance when Determining Significant Service Changes – **Isle of Anglesey County Council**

Audit year: 2016-17

Date issued: May 2017

Document reference: 275A2017



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Contents

The Council's governance arrangements for decision making on significant service changes are generally effective, but it recognises that they could be further strengthened.

Summary report

Summary 4

Proposals for improvement 5

Detailed report

The Council's governance arrangements for decision making on significant service changes are generally effective, but it recognises that they could be further strengthened 6

The Council has a clear vision and strategy for determining service change proposals 6

Decision making roles are understood but processes for the Council's transformation boards and scrutiny committees could cause some duplication 7

Business cases for service change provide a good range of information but the longer term impact of proposals could be better defined 8

The Council has clear procedures that encourage stakeholders to engage in decision making and is acting to strengthen its engagement arrangements 9

The Council monitors the impact of its service change decisions but could do more to review and reflect on the benefits following implementation 10

The Council annually reviews the effectiveness of its decision making arrangements and is aware of areas where it can improve 11

Summary report

Summary

1 Governance is about how public bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which public bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities'[1].

2 Good governance is essential for the effective stewardship of public money and the continued delivery of efficient and trusted public services. The current financial climate and reduced settlements for local government as well as rising demand for some services mean that all councils are likely to continue to need to make decisions regarding the future configuration and level of service delivery. It is appropriate that public bodies continuously seek to improve. Small, incremental changes to service delivery are made at a managerial and operational level as part of normal, operational decision making. However, good governance supported by effective planning and rigorous processes is critical when determining significant service changes. Such decisions are often controversial, generate considerable local interest and can have significant impacts on the individuals and groups affected.

3 From April 2016 councils are required to comply with the Well-being of Future Generations (Wales) Act (WFG Act) and associated Statutory Guidance. The Statutory Guidance states that: 'Together, the seven well-being goals and five ways of working provided by the WFG Act are designed to support and deliver a public service that meets the needs of the present without compromising the ability of future generations to meet their own needs'[2]. This legislation emphasises the importance of effective governance in achieving well-being goals.

4 The focus of this review is on the effectiveness of the Isle of Anglesey County Council's (the Council) governance arrangements for determining service changes. We define service change as any significant change in delivering services and/or any significant change in how services are experienced by external service users. Changes could include the way the service is delivered, the level of service provided, the availability of the service or the cost of the service.

5 Taking the Chartered Institute of Public Finance and Accountancy's (CIPFA) revised framework for 'Delivering good governance in local government' as an appropriate standard, this review provides the Council with a baseline, from which to plan further improvement. In this assessment, undertaken during the period September to November 2016, to inform our assessment of the Council's overall

[1] CIPFA/SOLACE, **Delivering Good Governance in Local Government: Framework 2007**

[2] Welsh Government**: Shared Purpose: Shared Future, Statutory guidance on the Well-being of Future Generations (Wales) Act 2015**

arrangement for developing and determining service changes we looked at aspects of decision making arrangements in relation to a range of significant service change proposals. The examples of service changes we looked at included:

- Smarter working review:
- Residual waste management review: and
- Libraries review.

6 We did not look in detail at each of the individual service change decisions, but rather used them as examples to draw from and inform how the Council goes about making decisions in relation to service changes.

7 In this review we concluded that **the Council's governance arrangements for decision making on significant service changes are generally effective, but it recognises that they could be further strengthened.**

Proposals for improvement

Exhibit 1: Proposals for improvement

The table below sets out the areas for improvement identified through our review.

Proposals for improvement
Strengthen governance arrangements by: P1. introducing equality impact assessments at an early stage of the decision making process and to a consistent standard to help the Council analyse its proposals for service change more effectively; and P2. developing arrangements for monitoring the impact and benefits of service changes, including explicitly stating what will be monitored, where this will be monitored and who will be responsible for doing so.

Detailed report

The Council's governance arrangements for decision making on significant service changes are generally effective, but it recognises that they could be further strengthened

The Council has a clear vision and strategy for determining service change proposals

8 The Council has a clear framework for determining service change proposals, which is linked to its vision, Corporate Plan 2013-17 and latest Improvement Plan.

9 The Council's framework for determining service change is influenced by its service challenge process, which is conducted twice per year across all services. The service challenge process focuses on a particular service's performance, financial situation and any proposals to make service changes including potential impact on the public or users. The Council's Service Challenge Panel (SCP) administers the service challenge process and consists of senior officers and members, including portfolio holders for the service. The SCP challenges heads of service on proposed changes to service provision including asking three key questions – what the service will continue to do?; what the service will stop doing?; and what the service will change to make efficiencies?

10 Significant service changes are project managed by one of two of the Council's transformation boards, which include a senior responsible officer, project officer and members. More specialised staff, such as the Monitoring and Section 151 officers, support the transformation boards. The transformation boards are responsible for monitoring progress through to the implementation stage, but the Council's Cabinet makes the final decision on any service change.

11 Service change decisions take account of cross-cutting issues such as equalities, sustainability and Welsh Language implications reflecting the Council's desire to promote its communities, the Welsh language and sustainability of resources within the county.

12 The Council sets clear objectives for service changes and outlines the key reasons for such changes from an early stage, including reducing costs that stem from budget cuts and the service challenge process. Objectives such as improving service quality for users, reducing liability and risks associated with services and the continued sustainability of services are included. Some examples include:

- changes through the smarter working review is helping to change working culture and practices to achieve efficiency targets, whilst improving front line

service and access to customers, which has been recognised by Good Practice Wales[3];

- service changes to residual waste collection to increase public recycling rates while reducing waste which goes to landfill, so meeting Welsh Government targets; and
- the library services review based on objectives of maintaining services at a reduced cost but maintaining the Welsh public library standards[4].

13 Members and officers clearly know the importance of balancing short-term needs while safeguarding the ability to meet longer-term objectives. However, the Council's approach to meeting its responsibilities under the Well-being of Future Generations (Wales) Act 2015, including acting in accordance with the sustainable development principle in setting objectives for service changes at the Council, is still developing.

Decision making roles are understood but processes for the Council's transformation boards and scrutiny committees could cause some duplication

14 Roles and responsibilities for service change decision making have evolved since the creation of the transformation boards and boundary changes to Council wards, which reduced the number of members from 40 to 30. In the last two years, the Council has restructured its Senior Leadership Team and the number of heads of service have reduced by nearly half. Despite the changes, members and senior officers continue to demonstrate a good understanding of their individual roles and responsibilities in the decision making process for service change. Each committee operates within the scope of its role. However, the subsequent reduction of members and their continued commitments to roles in the Cabinet, Shadow Cabinet and various committees, including scrutiny, has increased their workload. Therefore, some members attend both the transformation boards and scrutiny committees. This is not a significant issue and the transformation boards can address potential issues before proposals proceed to formal scrutiny and Cabinet. However, there is some repetition of discussions at scrutiny meetings. The Council is aware of the issue and is presently conducting a review of its governance procedures.

15 Senior officers regularly engage with, and provide support to, members involved in service change decision making, including transformation boards and scrutiny committees. Draft proposals and reports on service change are subject to legal and

[3] Good Practice Wales is a single access online portal to Welsh Public Services good practice and knowledge

[4] The Welsh public library standards measure the performance of library services across Wales

financial comment from officers prior to advancing further through the decision making process.

16 The Council is still at an early stage of revising its governance arrangements to address the requirements of the WFG Act, but has amended its reporting templates accordingly.

Business cases for service change provide a good range of information but the longer term impact of proposals could be better defined

17 The Council considers a reasonable range of options for service change. Options range from significant to minor changes to services. Depending on the nature of the service change, some options are developed in consultation with service users, stakeholders, communities, Council staff and the voluntary sector (Medrwn Môn). Of the business cases we reviewed, most were comprehensive and described in detail a number of alternative options. Members consider they are provided with appropriate information and a good range of options to inform their decisions on service change. However, some members indicated the longer term impact of service changes could be better defined and, from our survey, some stakeholders and officers believe the Council does not sufficiently consider the long-term impact of service changes.

18 The criteria used to appraise service change is generally consistent and considers the balance between cost and benefits to the public. The criteria include defining the objectives for change, information on service standards and quality, potential risks, financial aspects, and the sustainability of the service.

19 Appropriate information is given to members on the range of options to inform their decisions on service change. If issues that are more technical arise, members are supported through workshops, guidance and advice from officers.

20 The Council has arrangements to enable scrutiny and challenge of service change proposals and options appraisal processes. This starts early in the process at service challenge meetings and subsequently, through the transformation boards. When the decision is made to proceed, the options are subject to formal scrutiny before proceeding further, and there are examples of robust challenge to some service proposals.

21 As officers are involved in the service challenge panels and transformation boards, they have suitable opportunities to liaise with members on proposals and options appraisals.

22 Decisions regarding service change proposals are recorded with minutes and reports to Council, Cabinet, and scrutiny committees available on the Council's website. Discussions at full Council meetings are webcast and historical papers are also accessible via the website and can be requested in different formats.

The Council has clear procedures that encourage stakeholders to engage in decision making and is acting to strengthen its engagement arrangements

23 Consultation and engagement has steadily improved over the last few years and the Council's arrangements enable opportunities for stakeholders and the public to engage and provide feedback on proposed service changes. All significant service changes are developed with public, stakeholder and Council staff involvement. From the sample of service changes we reviewed, all were developed from the Council's Corporate Plan 2013-17 which included engagement from the public, stakeholders, staff, and members.

24 The Council has agreed a public consultation protocol with Medrwn Môn who provide external engagement expertise and support voluntary and community groups on the island. Through this partnership, Medrwn Môn has developed a joint Engagement and Consultation Board (Board) with the Council and adopted the Community Voice principles[5] of engaging with hard to reach communities. The Board has representation from across the Council, including officers and elected members, Community Voice and Medrwn Môn staff. The Council has adopted the National Principles for Public Engagement[6] to help engage more effectively with the public and stakeholders in general.

25 The Council engages with stakeholders following the identification of potential service changes and takes into account the Council's equality duty in relation to engagement. However, it is not entirely clear how robust engagement captures all diverse groups potentially affected, although there are examples where the Council effectively involves some groups in service change proposals such as the work with Community Voice.

26 Equality impact assessments are conducted to appraise the anticipated impact of service change proposals but vary in quality from thorough and wide ranging to those more limited in their scope. However, the Council is aware that equality impact assessments could be strengthened, including introducing them earlier into the service change process. The Council, is however, considering a number of options to help improve service change decision making which embed the requirements of the 2011 Equality Act and the WFG Act.

27 The Council's Strategic Equality Plan published in April 2016 includes its arrangements to identify and collect relevant equality information. It highlights engaging with protected groups in assessing the likely impact of any policies and

[5] Community Voice is the project to increase the engagement of individuals and communities in the design and delivery of public services on Anglesey

[6] The National Principles for Public Engagement are an overarching set of principles aimed at Public Service organisations across all sectors in Wales and developed by Participation Cymru.

practices that the Council is proposing, reviewing or revising. The Council has identified a number of listed groups who are considered as representative of one or more of the protected groups. It is working with Medrwn Môn to continue to develop the approach and ensure it complies with the duty to engage appropriately.

28 In the service changes we looked at, decision making arrangements enable opportunities for stakeholders and the public to engage and provide feedback. The consultations are signposted and accessible on the Council's website and from our survey most partners agree the Council engages them when determining significant service changes.

29 Consultations relating to service change are initially well publicised by the Council, both on its website and through a range of other media in Anglesey. When any potential service change enters the formal scrutiny and governance stages, minutes, agendas and reports from committees which discuss service change and information regarding consultation exercises are available online and signposted.

The Council monitors the impact of its service change decisions but could do more to review and reflect on the benefits following implementation

30 The Council has identified the general direction and some performance measures it needs for monitoring the delivery, performance and financial impact of service changes. Monitoring and evaluation arrangements are included in service change proposals and are regularly reported and presented to the transformation boards and the Senior Leadership Team.

31 The Council's Constitution sets out who is responsible for monitoring service changes. The Head of Corporate Transformation is accountable for the leadership and delivery of the Council's transformation programme of work, but each service change has a senior responsible officer who is accountable for monitoring the impact or benefits of decisions.

32 All significant service changes have business plans, which explain the arrangements for monitoring decisions through the transformation boards and Senior Leadership Team. Most service change plans explain how the Council expects to monitor success, with explicit success criteria appropriate and proportionate to the individual service change. The Council acknowledges that while it devotes much time to preparing proposals and implementing service changes it spends less time evaluating their impact. Whilst the Council intends all its departments to review and evaluate the outcomes of changes, there is not always sufficient resource or time available for them to thoroughly review and reflect.

33 Suitable monitoring arrangements are in place to manage savings. Cabinet and Council reports explain how financial savings will be monitored and reported and arrangements are in place to monitor the realisation of anticipated budget savings.

The council annually reviews the effectiveness of its decision making arrangements and is aware of areas where it can improve

34 The Council is aware of it strengths and weaknesses and is open to advice from external regulators to help improve its arrangements. The Annual Governance Statement clearly sets out how the Council operates and the process for policy and decision making. The Constitution was recently updated in December 2016 to reflect the changes introduced following the 2013 Local Government Elections, the requirements of the Local Government (Wales) Measure 2011 and the changes following the senior leadership restructure. The Council plans to revisit its Constitution as decision making arrangements evolve.

35 The Annual Governance Statement includes a summary of the actions the Council is undertaking to improve its governance including decision making for service changes. The Council changed the structure and operation of the scrutiny process reducing five scrutiny committees to two. It also reorganised its transformation boards to reflect its revised scrutiny model. Twice-yearly service challenge meetings were introduced along with major changes to the Senior Leadership Team and heads of service structure to simplify decision making arrangements and improve accountability. The Council has recently commissioned the Centre for Public Scrutiny to review their current scrutiny arrangements including their transformation programme.

36 The Council's is aware of the risks in determining service changes and includes risk within the monitoring reports for individual service changes and reports to the transformation boards.

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