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Good Governance when Determining Significant Service Changes – **Ceredigion County Council**

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The team who delivered the work was Andy Bruce, Jeremy Evans and Non Jenkins under the direction of Jane Holownia

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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 communities¹.
- 2 Good governance is essential for the effective stewardship of public money and the continual 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. Good governance is critical when determining 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 wellbeing goals.
- 4 The focus of this review is on the effectiveness of Ceredigion 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 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:
 - Residential care home review

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**

- Leisure service review
 - Catering review of provision in schools
 - Housing register system 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 has clear governance arrangements for making decisions on service changes but proposals often do not proceed at the pace required to meet planned timescales.**

Proposal for improvement

Exhibit 1: proposal for improvement

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

Proposal for improvement	
	Strengthen governance arrangements by:
P1	fully involving councillors in the review of governance arrangements and production of the Council's Annual Governance Statement.

Detailed report

The Council has clear governance arrangements for making decisions on service changes but proposals often do not proceed at the pace required to meet planned timescales

The Council has developed a clear strategy and framework for shaping service change proposals

- 8 The Council originally embarked on a transformational change programme in 2010, however, this was revised in 2015 following working in partnership with an external consultant to identify a number of opportunities to improve services and achieve efficiencies. Subsequently, the Council developed a transformation programme, which is the overarching framework for shaping service change proposals. The transformation programme includes a cross-party Transformation and Efficiency Consultative Group (Transformation Panel) of officers and councillors who are involved in the early identification and discussion of proposed service changes. The Transformation Panel does not have decision making powers but can make proposals and review options before they formally enter the scrutiny and decision making process. The Transformation Panel's role has recently been extended to take on a wider monitoring role for transformational service change projects. The Council's Cabinet makes the final decisions on all significant service changes.
- 9 The transformation programme includes a Strategic Plan, which documents the broad programme and timetable for developing and implementing the Council's plan for the future delivery of services in the face of ongoing financial constraints. Most documents relating to service change 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.
- 10 The Council sets clear objectives for service changes and outlines the key reasons for service change proposals from an early stage, including reducing costs that stem from budget cuts. The Council considers objectives such as improving service quality for users, reducing liability and risks associated with services and the continued sustainability of services. Some examples include:
 - changes to the catering services in schools to improve cost effectiveness whilst maintaining food nutrition values, better utilising resources to produce meals and sustaining suppliers by using local produce;
 - service changes to the housing register system providing greater accessibility and an easier system for public users, whilst alleviating the time and resources officers are required to administer the system; and

- the leisure services review based on the objective of maintaining services at a reduced cost while providing opportunities for communities to maintain their access to existing services.
- 11 Councillors 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 (WFG Act), including acting in accordance with the sustainable development principle, is still developing. To help inform decision making for service changes, the Council has developed an Integrated Impact Assessment tool (IIA), which includes the WFG Act responsibilities, the Public Sector Equality Duty, the Welsh Language Standards and risk management. The Council's aim is to develop a web-based IIA at the start of any service change proposal with officers and councillors being involved. The IIA will provide examples and guidance to help strengthen the Council's approach.

Decision making processes are clear and understood and the Council is taking steps to strengthen remaining weaknesses

- 12 Councillors and senior officers demonstrate a good understanding of their individual roles and responsibilities in the decision making process for service change, including their roles on the Transformation Panel, scrutiny committees and service change project boards. Generally, roles and responsibilities within the Council's Constitution are adhered to in practice. However, the Constitution was last updated in 2013 and does not reflect the most recent changes to the Council's officer structure, or specific decision making processes for service change. The Council is also aware of the need to update the Constitution in light of the changes, as well as other changes including the introduction of the WFG Act.
- 13 Senior officers regularly engage with, and provide support to, councillors involved in service change decision making. Draft proposals and reports for service change are subject to legal and financial comment from officers.

Options appraisals for service change are clear and wide-ranging, but there is scope to improve the pace of decision making

- 14 A range of options for service change are considered by the Council. Depending on the nature of the service change, some options are developed in consultation with service users, stakeholders, communities, Council staff and external consultants. Councillors feel that the range of options considered are suitable.
- 15 The criteria used to appraise service change are generally consistent and consider 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.

- 16 Councillors of the Transformation Panel are involved at the early stage of options appraisals and can develop work streams to gather further information prior to the service change proposal advancing or developing options. Once options have been developed, they are subject to an initial challenge process by councillors through discussions at workshops, panels, boards and scrutiny committees and are sometimes then revised as a consequence.
- 17 Equality impact assessments are conducted to appraise the potential impact of service change but whilst some are thorough and wide ranging, others contain more limited information. Whilst the Council acknowledges there are some weaknesses in current arrangements, it has developed the IIA, which has the potential to better inform and appraise councillors of the impact of service change and requirements of the 2011 Equality Act. The development of the IIA also covers important decision making areas such as the WFG Act and Sustainable Development Principle.
- 18 Councillors are provided with appropriate information on the range of options to inform their decisions on service change but do not always consider the longer-term impact. On more technical or complex issues, councillors are supported through workshops with guidance and advice from officers including financial information.
- 19 The Council has suitable arrangements to enable scrutiny and challenge of service change proposals and options appraisals are built early into the process. When potential service changes are raised by the Leadership Group and Transformation Panel, any proposals are discussed informally beforehand by Councillors in preparation for consideration by scrutiny committees which makes the subsequent discussions more focused. There are examples of robust challenge to proposals with some being amended following consideration through the Council's scrutiny process. Information generally is provided in a timely manner, however the process for deciding some service changes can be lengthy. The Council needs to ensure that it is proceeding fast enough to deliver the required changes and the subsequent savings in the timescale it needs.
- 20 In most of the service changes we looked at, the information provided to scrutiny committees is sufficiently detailed and officers regularly liaise with councillors throughout the process.
- 21 Decisions regarding service change proposals are recorded in the minutes of Council, Cabinet, and scrutiny committee meetings, which are available on the Council's website.

Decision making arrangements provide opportunities for stakeholders to engage in service change decision making, however, the Council continues to develop its approach to include all diverse communities

- 22 The Council has arrangements in place to engage and inform stakeholders in decision making regarding service change proposals and their potential implications. The Council's Community Engagement Policy aims to provide all key stakeholders in Ceredigion with an opportunity to influence the development of policies and how services in the County are planned and delivered. In addition, the Council provides a consultation decision making tool based on the Gunning Principles³, which helps to inform councillors and officers when it is appropriate to consult.
- 23 Engagement with stakeholders on service change will vary depending on the nature and potential impact on service users and those who provide or support the service. The Council's engagement activity generally covers a range of different groups including local residents, businesses, employees, service users, suppliers and public sector bodies such as the Health Board. During the care home, leisure services and housing register system reviews, the Council proactively worked with stakeholders to help identify and develop solutions. Examples include engaging with private sector organisations, housing organisations and community groups on a number of the changes we reviewed. In addition, the Council provides opportunities for the public to raise and receive answers to specific questions on service changes through its public engagement protocol for scrutiny meetings.
- 24 Stakeholder engagement generally takes place following 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 this engagement captures all diverse groups potentially affected. There are examples where the Council effectively involves some groups in service change proposals, such as proposals to change the layout at Aberystwyth bus station and the Ceredigion clutter free initiative, where engagement with, and feedback from, disabled groups directly led to revising the service change. However, the Council continues to develop its approach for stakeholders and the public to engage and provide feedback to service changes.
- 25 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 and assessing the likely impact of any policies and practices that the Council is proposing, reviewing or revising.

³ Gunning Principles – an established set of rules the Courts have developed for public consultation and to whether or not the exercise is lawful.

- 26 During the care home review, residents, care home staff, residents' families and the general public's views were considered prior to any decision being made. This directly influenced the options for several sites, including dropping a number of options from the original plan.

The Council monitors the impact of its service change decisions but understands current arrangements can be further strengthened

- 27 The Council has arrangements for monitoring the delivery, performance and financial impact of service changes. Monitoring and evaluation arrangements are included in business cases and are subsequently reported to the project board for the service change including the Leadership Group and Cabinet.
- 28 Each service change has a Senior Responsible Officer (SRO) for monitoring the impact or benefits of decisions. Depending on the nature of the service change, the SRO is supported by financial, legal and HR officers, and reports progress to the Transformation Panel and Cabinet. The business plans for service change explain the arrangements for monitoring decisions and how the Council expects to monitor success appropriate and proportionate to the individual service change. Progress is updated in the Strategic Plan. 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, it does not always happen in practice, as some officers indicated they do not have sufficient time to thoroughly review and reflect.

The Council annually reviews the effectiveness of its decision making framework but needs to involve councillors more when developing its Annual Governance Statement

- 29 The Annual Governance Statement clearly sets out how the Council operates and the process for policy and decision making. The Constitution was updated in 2013 to reflect the changes introduced following the 2012 Local Government Elections, the requirements of the Local Government (Wales) Measure 2011 and the changes following the senior management restructure which took place in early 2013. A further review of the Constitution is currently being undertaken to reflect more recent changes as described in the previous sections.
- 30 The Annual Governance Statement includes a summary of the actions the Council is undertaking to improve high priority areas for improvement in governance arrangements. However, we identified that there was a lack of member involvement when reviewing and revising the latest Annual Governance Statement. The involvement of councillors in reviews of governance and progress monitoring is considered to be an important aspect of good corporate governance, contributing

to the internal control assurance given in the Council's Annual Governance Statement.

- 31 More recent changes to governance arrangements are the revision to the transformation programme and Transformation Panel, which provides early discussion of potential service changes. The introduction of discussing service change proposals prior to consideration by Cabinet, Council and Scrutiny Committees is helping to minimise and resolve issues in the decision making process at an earlier stage. Whilst the Council is aware of some potential weaknesses, such as decisions taking longer in the early stages of the governance process, it needs to be more realistic about the delivery timescales for projects or inject more pace into the decision making process.
- 32 The Council is aware of the risks in determining service changes and includes this within its Corporate Risk Register, where appropriate. This can include potential issues with service change, which can affect both statutory and discretionary services. The care home and leisure service reviews are examples where service changes are considered alongside the risks on safeguarding issues, and these are brought to the attention of scrutiny committees and councillors.

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