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# Good governance when determining significant service changes – **Monmouthshire County Council**

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The team who delivered the work comprised Dave Wilson, Emily Owen and Non Jenkins under the direction of Jane Holownia.

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# Summary report

- 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.'<sup>1</sup>
- 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 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'.<sup>2</sup> This legislation emphasises the importance of effective governance in achieving well-being goals.
- 4 The focus of this review is on the effectiveness of Monmouthshire County Council's (the Council) governance arrangements for determining significant service changes. We define this as any significant change in delivering services and/or any significant change in how services are experienced by external service users. This could include, for example, significant changes to the way the service is delivered, the level of service provided, the availability of the service or the cost of the service.

<sup>1</sup> CIPFA/SOLACE Delivering Good Governance in Local Government: Framework 2007

<sup>2</sup> **Shared Purpose: Shared Future, Statutory guidance on the Well-being of Future Generations (Wales) Act 2015**, Welsh Government

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, 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:

- Feasibility of developing a not-for profit service delivery model
- Promoting responsible business waste management at household waste recycling centres
- Income generation from planning services
- Funding of local services by town and community councils
- Revisions to car parking

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.

6 In this review, we concluded that **the Council has a clear strategic approach for significant service changes, although, better information would help Members when deciding the future shape of the Council.**

# Proposals for improvement

## Exhibit 1 Proposals for improvement

Proposals for improvement	
	The Council's governance arrangements could be strengthened by:
P1	Reviewing and updating the Constitution to reflect, for example, recent changes to the Council's senior leadership team and select committees.
P2	Improving the quality of its options appraisals by providing information showing how options have been consistently evaluated.
P3	Ensuring that budget savings mandates and service change reports systematically reflect stakeholder views and that these are taken into account during the decision making process.
P4	Setting out at the point of decision on service change proposals how the impact of proposed changes is going to be measured and monitored.
P5	Formally reviewing its decision making process in relation to service changes as part of post project learning to evaluate and learn from its effectiveness and ensure continuous improvement.

# Detailed report

## The Council has a clear strategic approach to determining significant service change

- 7 The Council's Political Continuation Agreement, Medium Term Financial Plan (MTFP) and Improvement Plan 'Building Sustainable and Resilient Communities' set out its strategic framework for service change. Its Political Continuation Agreement sets out the Council's political priorities for change; the MTFP identifies the resources available to maintain and improve services and the Improvement Plan sets out the Council's improvement priorities as follows:
- Education;
  - Safeguarding vulnerable people;
  - Promotion of enterprise, economic development and job-creation; and
  - Maintaining locally accessible services.
- 8 The Council approved its 'Future Monmouthshire' programme (the Programme) in May 2016. The programme aims to consider the Council's 'core purpose, relationship with communities, citizens and stakeholders, and appetite for economic growth and local prosperity', within the context of its improvement objectives and MTFP. The Programme has two main aims. Firstly, to help identify budget savings for 2017-18 to bridge the gap in its MTFP. Secondly, to identify opportunities for service change from 2018-19 onwards.
- 9 The Council has involved some partners in the development of the 'Future Monmouthshire' programme. It has engaged Cardiff University to carry out academic research to support the Programme. It has also commissioned a private sector consultant to provide additional challenge and experience, for example around change management. The Council has engaged with some partners individually about aspects of the 'Future Monmouthshire' programme but has not presented the Programme at the county's Public Service Board<sup>3</sup> (PSB) where key partners involved in the PSB could potentially help shape the 'Future Monmouthshire' programme or offer support.
- 10 As with many other councils, Monmouthshire's budget setting process is a significant driver for service change. As all service change proposals included in this report were linked to the budget setting process, Members will have received budget savings mandates detailing the proposed service changes. The Council intends that these budget savings mandates provide Members with the information they need to make decisions.

<sup>3</sup> The Well-being of Future Generations (Wales) Act 2015 established statutory Public Service Boards, which replace the voluntary Local Service Boards in each local authority area.

- 11 The Council has a clear 'budget savings mandate' process to help its managers describe proposed service changes and consider their implications, for example in relation to cost, risk, impact on service users and compliance with legislation.
- 12 The Council has taken action to improve member and officer awareness of the Council's responsibilities under the WFG Act. It has trained approximately 75 officers and about half of the 43 members to help them understand and assess service change proposals in the context of the WFG Act. The Council recorded training sessions and made the recordings and training material available electronically to those who did not attend. It has tailored training for Scrutiny Members and induction training for new staff now includes reference to the Council's responsibilities under the Act. The Council has committed to provide further training to ensure all officers involved in service change development and all Members understand their responsibilities under the WFG Act.
- 13 Reports recommending service changes include a completed WFG Act assessment of the application of the five ways of working<sup>4</sup>, how the project will contribute to the national well-being goals, and consideration of the impact upon people or groups with protected characteristics. For one of its larger service change proposals for waste services, the Council established a panel of officers to ensure that the sustainable development principle was at the heart of the proposed service change. However, officers advised us that the Council does not have capacity to provide this level of support for all service change proposals.
- 14 The Council is clearly taking steps to meet its responsibilities under the WFG Act in its decision-making process. Officers and Members acknowledge that they need to do further work to embed the sustainable development principle across the organisation. The Council aims to incorporate the sustainable development principle into strategies as they become due for review or as it develops new ones, such as the Procurement Strategy and People Strategy. The Council intends that by doing so, it will firmly embed the WFG Act principles in its business.

<sup>4</sup> The Well-being of Future Generations (Wales) Act is about improving the social, economic, environmental and cultural well-being of Wales. The Act puts in place a 'sustainable development principle,' which tells organisations how to go about meeting their duty under the Act. It sets out the following five ways of working that public bodies must consider in order to help support sustainable development: long term, prevention, integration, collaboration and involvement. Further information about the Act can be found in [the Well-being of Future Generations Act guide](#).



## Officers and Members demonstrate a clear understanding of their roles and responsibilities in delivering service changes although, the Council's Constitution is not up to date

- 15 Roles and responsibilities in relation to developing and determining service changes are generally clear and understood by officers and members. All officers and most members who responded to our governance survey, as part of this review, agreed that they understood their roles and responsibilities and all understood the Council's arrangements for delegated decisions. This understanding was demonstrated during our interviews with members and officers. We observed meetings that were well chaired, questions were clearly focused and officers attended to introduce reports and answer questions of a technical nature.
- 16 The Council's Constitution sets out the roles and responsibilities of officers and Members in decision-making. However, as it was last reviewed and updated in September 2014, it does not reflect recent changes such as new roles and responsibilities of the Senior Leadership Team, an increase in the number of Select Committees or the creation of the PSB. The Council plans to update and approve the Constitution in time for the new Administration in May 2017.
- 17 The Monitoring Officer reads all Cabinet and committee reports and advises the report author on matters relating to delegated powers, Council or Cabinet functions, and Cabinet or single Cabinet Member decisions. Democratic Services officers attend Council meetings to address any procedural queries as the meetings proceed. Scrutiny committees call in items if they believe further scrutiny is required. These measures provide useful, practical controls within the decision making process.
- 18 The Council underpins its approach to developing service change proposals by positive working relations between officers and members. Officers are free to consider radical proposals for change and explore their political acceptability with senior Members before opening the proposals up for challenge through formal scrutiny processes. An example of this approach is the 'Future Monmouthshire' programme, which seeks to create the capacity and foresight to develop solutions to some of the county's biggest challenges while ensuring that it is able to deliver a balanced budget in the medium term. The Council does not have specific governance arrangements for the Future Monmouthshire programme. Instead, it reports progress through the Council's established governance arrangements such as the Senior Leadership Team. There is potential that some projects will not proceed into the formal decision making process, and unless the Council maintains a clear record of all proposals showing which proceed and which do not, and why, this part of the governance arrangements may lack transparency.

## The Council considers a range of options when deciding on service change proposals, although, options appraisals are not well developed

- 19 The Council presents options in reports and budget savings mandates when considering service change proposals, but these vary in thoroughness. Some, such as the Council's proposal to assess the feasibility to establish a 'not for profit service delivery model' for tourism, leisure, culture, outdoor education and youth services, offered several options and explained which option officers preferred and why. Other proposals such as the proposal to increase the income from the Council's Planning Service included less well defined options, for example that various options would 'offer a lesser saving' or 'offer a greater saving' without being specific. Whilst officers who responded to our governance survey as part of this review agreed that when considering a proposal for service change, the Council considers all potential options, a third of Members and partners who responded disagreed with this statement.
- 20 The Council does not set out in budget savings mandates and reports what it seeks to achieve from proposed service changes and to what extent, and how, each of the options referred to in the proposal might achieve these improvements. Including this would better inform the decision making process and demonstrate transparency. It does, however, include a narrative explanation of why officers prefer a specific option.
- 21 Reports or budget savings mandates do not generally detail the additional costs required to deliver a service change. Timescales and milestones for delivering different phases of service changes are not well documented. The Council's formal approach to planning the transition of a service change is not integrated into the decision making process; it is considered separately through its business planning process. But as this process is carried out later in the year, it means that Members do not understand the full implications of the service changes during the decision making process, and do not have sufficient information to establish ongoing monitoring arrangements.
- 22 In our report 'Governance – Corporate Assessment Follow on Review' in June 2016, we concluded that the Council was taking action to improve the quality of information to members, but reporting was not always sufficiently clear and relevant to support robust decision-making or challenge. We proposed that the Council should further improve the clarity of reports that Members receive to ensure they have access to appropriate and timely information in a format that is easy to read and understand.
- 23 The Council acknowledged in its management response to our report that it needs to improve the information it provides to support decision-making, and that its Scrutiny Service Plan for 2015-16 identifies that, despite significant previous work on the quality of reports, this remains an area for continued focus. The Council

committed to 'continue to work with and train report writers to ensure the content of reports and presentations is clear and pitched correctly' by March 2017.

- 24 We further concluded in our June 2016 governance review that 'the Council was improving its scrutiny function and intended to further improve the support to scrutiny to enable better outcomes'. We proposed that the Council should strengthen scrutiny's impact, status and effectiveness, including formally recording Cabinet responses to scrutiny recommendations and observations, and better co-ordination of Cabinet and select committee forward work programmes.

The Council's management response to our report committed that:

- democratic services would ensure the Cabinet Forward Plan is updated and is accessible to Members by March 2017;
- it would assist chairs in identifying topics for pre-decision scrutiny and prioritise their work more effectively by March 2017; and
- it would work with senior officers to encourage them to consider early pre-decision scrutiny of issues to avoid call-ins and the subsequent delays in decision-making.

The timing of our current governance review has provided insufficient opportunity for the Council to demonstrate improvement in the effectiveness of scrutiny.

- 25 Members continue to raise concerns about the quality of information they receive when considering proposals for service change. The Council's Joint Select Committee in September 2016<sup>5</sup> recorded concerns 'that the level of detail provided to them in seeking its agreement to proceed with the alternative service delivery model, (particularly in relation to likely costs in continuing to the next phase) did not assist it in reaching a decisive conclusion. However, Members supported the philosophy and agreed that the opportunities for an alternative service delivery model should be explored, subject to the Cabinet and officers giving consideration to the following:

- Resources: The Committee has reservations as to the resources required to progress the work further and the resources required to deliver the model itself. The Joint Select Committee requests that a financial breakdown be provided to Members to outline this detail.
- Governance: Members strongly agree that the governance and accountability framework needs to be determined at an early stage and recommend that officers explore a range of accountability structures / models for consideration by Members.
- Managing public expectation: Members agreed that the Council needs to give consideration as to how it can ensure that the public's needs are reflected in services delivered through an alternative service delivery model.

<sup>5</sup> Minutes from Monmouthshire Joint Select Committee meeting on 19 September 2016

- Staffing: The Committee is concerned that there will be implications for staff in any alternative arrangement and recommends that an analysis of the staffing options (secondment or TUPE) be fully explored for further Member consideration.
  - Scrutiny: The Joint Select Committee requests that their proposals, together with the draft Business Case, be brought to a future meeting of the Joint Select Committee in due course, prior to being considered by full Council.'
- 26 The Council's decision-making arrangements for proposed service changes is considered and challenged through a number of mechanisms.
- 27 The Council has established scrutiny arrangements capable of challenging service change proposals and suggesting alternatives to the preferred options proposed by officers, although, quality of how they are applied in practice varies.
- 28 Directorate Management Teams, Senior Leadership Team and Cabinet members discuss proposals for service changes at an early stage of the initial outline proposal. These discussions determine whether proposals will proceed into the formal decision-making process but are not formally recorded or transparent, and as such it is unclear why certain proposals may have been put forward and rejected prior to decision making stage.
- 29 Select Committees review budget savings mandates in relevant select committee meetings then come together as a Joint Select Committee to consider budget proposals. The Council makes agendas, reports, attendance records and decision notices available on the intranet. Once proposed, decisions enter the Council's formal democratic committee process, all the council's meetings are live-streamed, enabling the public to hear the debate.
- 30 In our 2015 Corporate Assessment, reported in the Annual Improvement Report in November 2015, we proposed that the Council should strengthen the governance and challenge arrangements by ensuring that minutes of meetings are signed at the next suitable meeting in accordance with the Council's constitution and reconsider the Council's policy of not formally minuting Cabinet meetings.

31 In our June 2016 Governance report, we concluded that the Council had started to improve the timely sign off of minutes at the next meeting, but the Council continues with its practice of not minuting Cabinet meetings. The Council's management response to our report stated that 'all Cabinet meetings are live streamed, all reports are available on the council's website and a decision-log is published on the website following each cabinet meeting detailing the decisions that have been made which include any amendments made to the proposed decision. Not publishing minutes for Cabinet has been a longstanding practice of the council which has raised no issues of transparency and openness in the decision making process and the council does not have any plans to change this process for recording decisions at cabinet.' The Auditor General for Wales maintains a robust line on this, in that minuting of meetings is a matter of good governance and whilst the Council considers its approach to be legal and in line with its Constitution, we maintain that given past examples as noted in our June 2016 Governance report, relying solely on decision notices and YouTube recordings does not provide the Council or its public with a reliable alternative to formal minutes.

## The Council consults well with stakeholders, but it is unclear how it considers their views when deciding on service changes

- 32 The Council engages well with local residents when considering service change. As part of its budget setting process for 2016-17, and in supporting the PSB in its development of the Well-being Plan<sup>6</sup>, it has used a wide range of approaches including public meetings, stands at events and social media to communicate budget proposals and invite comment from the community. Local consultation over the budget for 2017-18 has been limited to two live-streamed sessions from the Council chamber, Members of the public were also able to attend these sessions in person. It engages with local communities through Area Committees, although, these have had mixed success and variable levels of attendance.
- 33 The Council proactively consults partners and stakeholders in the budget setting process and officers have developed strong working relationships with partners. The county's PSB has been established in line with the requirements of the WFG Act and the Council has established a specific PSB Select Committee to scrutinise the work of the PSB. However, engagement with partners is often limited to

<sup>6</sup> Each Public Service Board (PSB) must prepare and publish a plan setting out its objectives and the steps it will take to meet them. This is called a Local Well-being Plan which must say why the PSB feels their objectives will contribute within their local area to achieving the well-being goals, and how it has had regard to the Assessment of Local Well-being in setting its objectives and steps to take.

communicating service changes, rather than engaging partners in a way that they can help shape the service changes.

- 34 More generally, members of the public are able to join the Council's select committee meetings, where Select Committee Chairs encourage attendees to express their views.
- 35 Budget savings mandates include a section listing who the Council has consulted about the proposed service change, both within the Council and externally. Consultation tends to include Council officer, and Member groups involved in the decision-making process itself, and other services and external stakeholders affected by the proposed service change. However, reports and budget savings mandates rarely include the views of stakeholders and so it is unclear how decision makers take account of the views of those consulted when considering these reports.
- 36 The Council sometimes receives representation from local residents commenting on proposed changes, but it is unclear how local views are taken into account during the decision making process. One example of such a representation was a petition over the introduction of daily parking fees at the Byefields Car Park in Abergavenny. Cabinet received the petition at its meeting on 6 July 2016. The decision notice for the meeting records that Cabinet decided not to introduce a daily charge except on Tuesdays. The YouTube recording shows that no reference was made to the petition in the meeting, although, it was included as an appendix to the Cabinet agenda.
- 37 The Council seeks to make information on its decisions widely accessible to the public and stakeholders, but the quality and availability is variable. In our June 2016 Governance report, we highlighted concerns over the adequacy of information on the Council website. We reported inaudible sections of the YouTube recordings of council meetings, difficulties in accessing specific debates during the meetings from YouTube recordings, and inaccuracy in decision notices. We proposed that the Council should ensure that decisions are clearly and consistently recorded to provide a reliable, transparent and easily accessible decision-making trail. The Council responded as follows:
- 'The Modern Gov<sup>7</sup> system has been implemented since September 2015 which has improved the documentation of minutes, agendas and reports for meetings on the council's website making these more easily accessible for the public.
  - We will continue to embed Modern Gov in the democratic services process to strengthen the administration and reporting of the democratic process.
  - We will continue to refine the Scrutiny Website to provide easy access to scrutiny information to Members and to the public.

<sup>7</sup> mod.gov is an app for automatically downloading, viewing and annotating meeting papers of local authorities and other organisations

- The website is undergoing a content and design review to improve user experience'
- 38 We found in this review that ModGov is not yet fully implemented to deliver all of its potential benefits, but the Council has made changes to its website, including a clearer format of decision notices.

## The Council does not systematically monitor the impact of its service change decisions

- 39 The Council identifies people and groups with protected characteristics who are likely to be affected by planned service changes, but does not have arrangements setting out how managers should evaluate the actual impact of changes, or if, how, and when Members should receive reports on the impact of their decisions. The Council does, however, monitor the delivery of budget savings from service change proposals.
- 40 Budget savings mandate templates include a section where the author should set out who will evaluate the service change and when. Our sample testing of several budget savings mandates showed that this section was poorly completed and did not commit to evaluating the service change. Furthermore, the impacts of the proposed service changes were not well defined; therefore, officers and Members would not have sufficient information to evaluate the impact.
- 41 The Council's select committees may choose to request further reports on the impact of a service change and add these to the Select Committee's Forward Work Programme. In practice, select committees do not monitor the impact of service change decisions.

## The Council updates its decision-making arrangements in light of changing business needs, but does not review its arrangements systematically to support and learn from service changes

- 42 The Council updates its decision-making processes. For example, it has established a new Select Committee to scrutinise the PSB and it holds Joint Select Committees to scrutinise budget proposals in a more efficient manner than holding separate meetings.
- 43 The Council recognises the need to improve its decision making process and is implementing ModGov to improve efficiency by releasing staff capacity within the Democratic Services Team to support the process more effectively. It provides, ongoing training for officers and members intended to increase their effectiveness

in considering service change proposals and has reviewed documentation used when proposing service changes.

- 44 Although the Council continues to improve elements of its decision making process, it does not do so in a structured way. Some proposals for improvement from our earlier governance review and Corporate Assessment remain outstanding, and the Council has not formally reviewed the quality of decision-making to learn from its own experiences by evaluating the effectiveness of its arrangements and identify opportunities for improvement.





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