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Auditor General for Wales

# Environmental Health follow-up review – **Newport City Council**

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The team who delivered the work comprised Ginette Beal and Lidia Vorontsova of Grant Thornton LLP under the direction of Non Jenkins and Sara-Jane Byrne.

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# Summary report

## Summary

### What we reviewed and why

- 1 As part of his 'delivering with less' series of Local Government Improvement Studies, the Auditor General published his report – Delivering with less – the impact on environmental health services and citizens, in October 2014.
- 2 In this report, the Auditor General also drew attention to recent and forthcoming legislation, and the concerns of Councils that they would be unable to deliver the commitments contained within it. Many of the legislative proposals referred to in the Auditor General's 2014 report have subsequently been implemented including: The Housing Act (Wales) 2014, the Renting Homes (Wales) Act 2016. The Public Health (Wales) Act was also passed in 2017.
- 3 The Auditor General also published local reports for each Council as part of the 2014 study.
- 4 In a letter to local authority Chief Executives on 11 January 2018, the Auditor General set out his intention to undertake some thematic work more closely aligned to his programme of Local Government Studies. The purpose of aligning thematic work more closely to Local Government Studies programme is to make the most effective use of audit resources in discharging the Auditor General's duties whilst ensuring that issues, themes and learning identified in Local Government Study reports are 'followed-up' and explored with councils locally in subsequent years.
- 5 This review assessed whether there have been any budget and staff changes within the Council's Environmental health services and the extent to which it has addressed the recommendations included in our 2014 national report. For the purposes of this review, we focussed on the Council's progress in addressing recommendations 2, 3, 4, and 5 of the national report.
- 6 The report contained six recommendations that are set out in **Exhibit 1** below:

#### Exhibit 1: recommendations made in 2014 national report, Delivering with less – the impact on environmental health services and citizens

Recommendation	Responsible Partners
R1 Revise the best practice standards to: <ul style="list-style-type: none"><li>• align the work of environmental health with national strategic priorities;</li><li>• identify the wider contribution of environmental health in delivering strategic priorities of the Welsh Government; and</li></ul>	Councils, Chartered Institute of Environmental Health Cymru

Recommendation	Responsible Partners
<ul style="list-style-type: none"> <li>identify the benefit and impact of environmental health services on protecting citizens.</li> </ul>	
<p>R2 Provide scrutiny chairs and members with the necessary skills and support to effectively scrutinise and challenge service performance, savings plans and the impact of budget reductions.</p>	<p>Councils, Welsh Local Government Association</p>
<p>R3 Improve engagement with local residents over planned budget cuts and changes in services by:</p> <ul style="list-style-type: none"> <li>consulting with residents on planned changes in services and</li> <li>using the findings to shape decisions;</li> <li>outlining which services are to be cut and how these cuts will impact on residents; and</li> <li>setting out plans for increasing charges or changing standards of service.</li> </ul>	<p>Councils, Welsh Local Government Association</p>
<p>R4 Improve efficiency and value for money by:</p> <ul style="list-style-type: none"> <li>identifying the statutory and non-statutory duties of council environmental health services.</li> <li>agreeing environmental health priorities for the future and the role of councils in delivering these.</li> <li>determining an 'acceptable standard of performance' for environmental health services (upper and lower) and publicise these to citizens.</li> <li>Improving efficiency and maintaining performance to the agreed level through: <ul style="list-style-type: none"> <li>collaborating and/or integrating with others to reduce cost and/or improve quality;</li> </ul> </li> </ul>	<p>Councils, Welsh Local Government Association, Welsh Government</p>

Recommendation	Responsible Partners
<ul style="list-style-type: none"> <li>– outsourcing where services can be delivered more cost effectively to agreed standards;</li> <li>– introducing and/or increasing charges and focusing on income-generation activity;</li> <li>– using grants strategically to maximise impact and return; and</li> <li>– reducing activities to focus on core statutory and strategic priorities.</li> </ul>	
<p>R5 Improve strategic planning by:</p> <ul style="list-style-type: none"> <li>• identifying, collecting and analysing financial, performance and demand/need data on environmental health services;</li> <li>• analysing collected data to inform and understand the relationship between 'cost: benefit: impact' and use this intelligence to underpin decisions on the future of council environmental health services; and</li> <li>• agree how digital information can be used to plan and develop environmental health services in the future.</li> </ul>	Councils
<p>R6 Clearly set out the expectations of council environmental health services under new housing and health legislation and agree how these new duties will be delivered.</p>	Welsh Government, Welsh Local Government Association

7 We undertook this review during the period August 2019 to October 2019.

## What we found

8 Our review sought to answer the question: **Has the Council acted upon the recommendations in the Auditor General’s Environmental health – Delivering with Less report published in October 2014?**

9 Overall we found that: **Progress in addressing recommendations to date has been mixed, although the environmental health service plan includes actions aimed to address outstanding recommendations. The Council has ceased provision of all discretionary environmental health services other than those that generate income. The Council has also scaled back provision of some statutory services.** We reached this conclusion because:

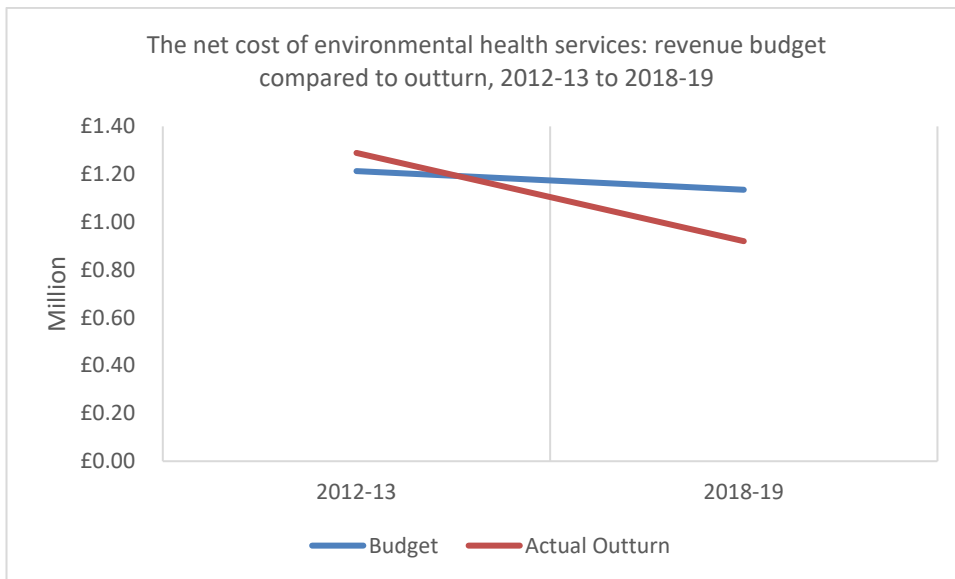
- In 2017, the Council reorganised its Scrutiny function however since that time we have seen limited evidence of impact on environmental health services.
- Equality Impact Assessments (EIA) are undertaken for changes to services; however, we observed limited evidence of the environmental health service proactively engaging with residents in implementing budget cuts or service changes.
- Officers demonstrated a thorough understanding of statutory and discretionary functions within their remit. We have seen evidence that statutory duties are considered appropriately in the decision-making process. Acceptable standards of performance are managed through an internal performance framework.
- Changes to service delivery to date have focussed on maintaining core statutory activities; where statutory activities have reduced, this is based on an assessment of risk. The Council has explored a number of ways to improve efficiency and value for money, such as informal collaborative arrangements with other Authorities.
- Environmental health service objectives are aligned to corporate and Wellbeing objectives. Key decisions have been informed by an analysis of costs, benefits and impacts. Use of business intelligence is currently limited.

## Background

- Environmental health budgets have reduced from £1.2m in 2012-13 to £1.1m in 2018-19 (**Exhibit 1**), a reduction of approximately 6.4%.
- Actual revenue outturn has seen a larger decrease, from £1.3m in 2012-13 to £0.9m in 2018-19, a reduction of 28.6%. The Council underspent by approximately £0.2m against its environmental health budget in 2018-19.
- Staff numbers have reduced from 53.07 FTE to 44.45 FTE, a total reduction of 8.62 FTE, with a 3.6 FTE reduction in technician grade staff and 4.0 FTE reduction in administrators. (**Exhibit 2**)

- The service expects to have to make further staffing reductions in upcoming years in order to deliver the savings required.

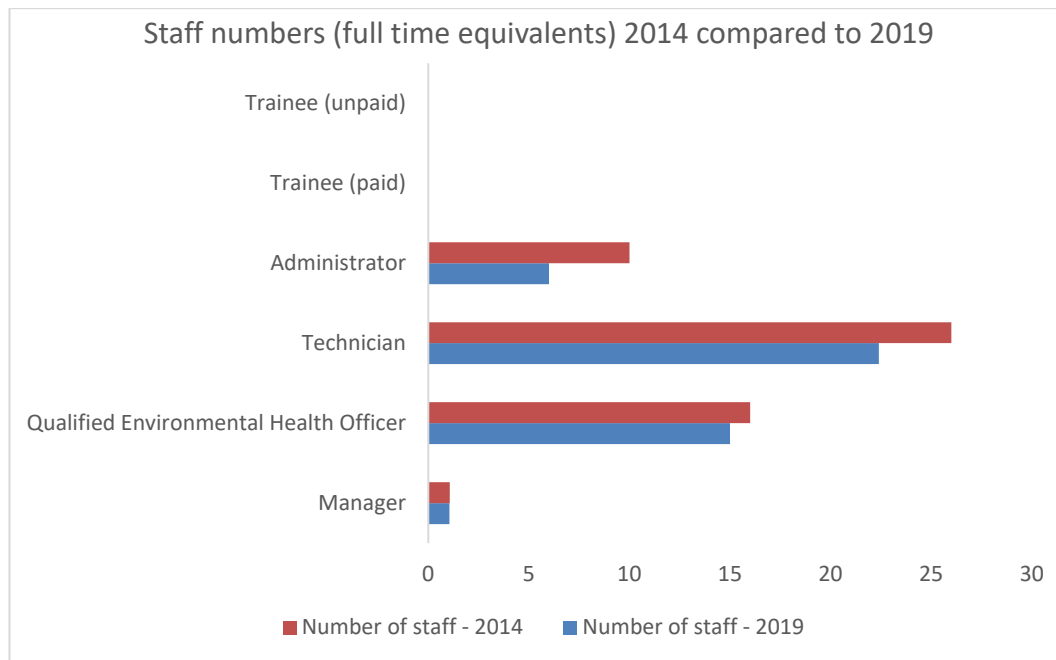
Exhibit 2: the net cost of environmental health services: revenue budget compared to outturn, 2012-13 to 2018-19



Note: The Council could not provide the budget or outturn figures for Environmental Health services for the financial years between 2012-13 and 2018-19.



Exhibit 3: staff numbers (full time equivalents) 2014 compared to 2019



## Proposals for improvement

Exhibit 1: proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement	
P1	The Council should ensure it is exercising sufficient Member oversight of environmental health services via its Scrutiny function and the Members are engaged in shaping the service as resources continue to reduce.
P2	The Council should, proactively and in a structured manner, consult with service users on any future decisions or changes to environmental health service levels.
P3	The Council should continue to explore all options for securing the financial resilience of the service through innovation, transformation, sharing or more targeted use of resources.  The Council should use the outputs from its statutory/discretionary function analysis to ensure that statutory powers and duties are prioritised in any service reconfiguration.

# Detailed report

Progress in addressing recommendations to date has been mixed, although the environmental health service plan includes actions aimed to address outstanding recommendations. The Council has ceased provision of all discretionary environmental health services other than those that generate income. The Council has also scaled back provision of some statutory services.

In 2017, the Council reorganised its Scrutiny function, however, since that time we have seen limited evidence of impact on environmental health services.

10 In reaching this conclusion we found that:

- The Council underwent a reorganisation of its Scrutiny function in 2017. New Scrutiny arrangements are focussed on reviewing and challenging performance.
- Since the restructure, Members have been provided with training on general scrutiny skills, such as scrutinising budgets, chairing and performance framework.
- To date, there has been no Environmental Health specific training provided to Members as the focus has been on improving general Scrutiny skills.
- The Council intends to produce a Member Development Programme aligned to each Member's role profile with training to be assigned based on each Member's role.
- The Council acknowledges that further work needs to be done in this area to maximise the impact of Scrutiny of environmental health functions.

Equality Impact Assessments (EIA) are undertaken for changes to services; however, we observed limited evidence of the environmental health service proactively engaging with residents in implementing budget cuts or service changes.

11 In reaching this conclusion we found that:

- The Council advised us that cuts resulting in changes to frontline delivery of services go through public consultation as part of the Medium Term Revenue Plan (MTRP) process.
- However, we noted that service user feedback in relation to 2016-17 environmental health budget cuts was not included in the corresponding MTRP report.
- Budget cuts in 2016-17 affected delivery of frontline services, such as ceasing repeated site visits to determine whether residential rented properties are re-occupied following enforcement.
- All budget cuts and service changes are subject to an impact assessment.
- Similarly, we did not see evidence of feedback from residents being used to inform decision-making in relation to introduction of charges.

Officers demonstrated a thorough understanding of statutory and discretionary functions within their remit. We have seen evidence that statutory duties are considered appropriately in the decision-making process. Acceptable standards of performance are managed through an internal performance framework.

12 In reaching this conclusion we found that:

- Statutory and non-statutory environmental health services are not formally documented. However, there is a clear understanding by officers and members of what constitutes the service's statutory and non-statutory obligations.
- All key decisions make reference to whether they will apply to a statutory or discretionary function and the Council's obligations to provide specific aspects of this function.
- Review of the service's statutory and non-statutory responsibilities to inform future budget reductions is included in the service plan, and is due to be completed in 2020.
- Key priorities are documented in the Law & Regulation Service Plan 2018-22.
- Acceptable standards have been defined internally through a set of Key Performance Indicators, but have not been publicised.

Changes to service delivery to date have focussed on maintaining core statutory activities; where statutory activities have reduced, this is based on an assessment of risk. The Council has explored a number of ways to improve efficiency and value for money, such as informal collaborative arrangements with other Authorities.

13 In reaching this conclusion we found that:

- The Council is involved in local and national environmental health groups and has informal staff sharing arrangements with other Authorities. The Council has no formal shared environmental health service arrangements.
- The Council does not currently outsource any of its environmental health functions.
- The service has largely maintained its performance against key environmental health Key Performance Indicators.
- In some areas, a reduction in performance has been accepted as a consequence of scaling back services.
- The Council introduced charges for its business advice service and has increased enforcement penalties for fly tipping and littering.
- A Food Standards Agency grant in 2018-19 was used to fund additional resources to increase the number of High Risk Food premise inspections undertaken.
- Since 2014 the Council has stopped delivering almost all discretionary Environmental Health services, apart from those that are income-generating.
- Delivery of some statutory services has also been scaled back (eg prioritising Category A/B premises inspections and risk-assessing Category C premises for more efficient use of resources). Council officers consider that the Council still meets its statutory obligations.

Environmental health service objectives are aligned to corporate and Wellbeing objectives. Key decisions have been informed by an analysis of costs, benefits and impacts. Use of business intelligence is currently limited.

14 In reaching this conclusion we found that:

- The service reviews its financial and operational performance against achieving strategic objectives on a bi-annual basis.
- Costs, benefits and impacts are considered within the decision-making process in relation to growth or funding reductions.
- Use of business intelligence to inform service delivery is currently limited.
- The Council has recently invested into an Intelligence Hub, designed to enable teams to use activity data analysis in decision-making. This is currently in its initial stages and is not yet having a visible impact on environmental health services.



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