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Good governance when determining significant service changes – **Torfaen County Borough Council**

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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 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 (the WFG Act) and associated Statutory Guidance. The Statutory Guidance states that: 'Together, the seven wellbeing 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 Torfaen County Borough 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.
- 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

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**, 18 February 2016.

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:

- reducing service provision of the library service;
- further right sizing of social care packages (linked to change in eligibility criteria); and
- trade waste charges.

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. We also considered other service changes, which we were made aware of during the course of our fieldwork.

- 6 In this review, we concluded that **the Council's governance arrangements for significant service change are generally sound but there is scope to improve the quality of options appraisals and arrangements to monitor the impact of service changes.**

Proposals for improvement

Exhibit 1: proposal(s) for improvement

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

Proposals for improvement	
	The Council's governance arrangements for service change could be strengthened by:
P1	Clarifying the protocols for Cabinet member attendance at scrutiny.
P2	Improving the quality of its options appraisals by strengthening the level of financial information provided and including an analysis of stakeholder engagement.
P3	Putting in place appropriate arrangements to provide member support and development about service change, for example on options appraisals and the Council's new wellbeing assessments.
P4	Strengthening arrangements for monitoring the impact of service changes including explicitly setting out what will be monitored, where this will be monitored and who will be responsible for doing so.

Detailed report

The Council has a clear vision but is still developing its strategy for implementation

- 7 Like most councils, reductions to Torfaen County Borough Council's (the Council) budget has clearly been a driver for service change. Many of the Council's service change proposals are linked to its budget mitigations, for which there is a robust framework, with significant member engagement and transparency.
- 8 The Council has also sought to consider the opportunities the financial situation has presented for service change. Both Members and officers consistently felt that the Council's [Corporate Plan 3 2016-21](#) (CP3) and its budget process provided a clear framework for determining service change. The Council launched its new corporate strategy, CP3 on 1 April 2016, which sets out three priorities:
- a clean and green Torfaen;
 - raising educational attainment; and
 - support for Torfaen's most vulnerable residents.
- 9 For each of these priorities, CP3 also sets out the Council's vision, what the Council will do, what it will support and its expectations of residents. Our recent Corporate Assessment report³ published in September 2016 was positive about the Council's engagement of its stakeholders in the development of CP3. Most of the Council's partners who responded to our governance survey agreed that they were clear about what the Council is trying to achieve when it considers significant service change.
- 10 There are clear links between the Council's [medium term financial plan](#) and CP3, which together provide a clear direction to resourcing the Council's priorities.
- 11 The Council's report template includes some standard sections, for example on risks, consultation and measures of success. Similarly, the Council's wellbeing assessment template includes a range of standard sections, which are considered when the Council determines service change proposals. This includes an assessment of the application of the WFG five ways of working,⁴ how the project will contribute to the national wellbeing goals and consideration of the impact upon people or groups of people with protected characteristics. However, the objectives of proposed service changes were not always explicit in the individual service

³ Wales Audit Office, [Torfaen County Borough Council: Corporate Assessment Report 2016](#), 12 September 2016.

⁴ [The Well-being of Future Generations \(Wales\) Act](#) is about improving the social, economic, environmental and cultural wellbeing of Wales. The WFG Act requires prescribed public sector bodies to act according to the sustainable development principle and sets out the following five ways of working that those bodies must consider in order to help support sustainable development: long term, prevention, integration, collaboration and involvement. [Further information about the WFG Act.](#)

change reports we examined, although these could be determined from the background information provided. The Members we interviewed as part of this review were satisfied that there were clear objectives in place for service changes. There was also engagement of relevant cabinet and scrutiny members in service changes as part of the budget process.

- 12 The Council's leadership team is still in the process of developing a business plan to set out how it will implement CP3. The intention is for this to be ready by the end of March 2017. This business plan provides the Council with the opportunity to strengthen its objectives, vision and criteria specifically for any proposed significant service changes and how it will deliver these. The development of the business plan has the potential to strengthen the Council's framework for determining service change.

Governance and accountability arrangements for service change are generally clear and well understood

- 13 Roles and responsibilities of officers, members and key committees are clearly set out in the Council's Constitution, which the Council updated in February 2016. All members and almost all officers who responded to our governance survey as part of this review agreed or strongly agreed that they understood their roles and responsibilities, and all understood the Council's arrangements for delegated decisions. This generally was supported through our interviews where both members and officers displayed a good understanding of their roles relating to significant service changes.
- 14 However, some Cabinet members were confused about whether they can attend scrutiny committees and the protocols if they do so. The Council would benefit, therefore, from clarifying the protocols for Cabinet member attendance at scrutiny.
- 15 As raised in our Corporate Assessment report, the Council often had low Member attendance at its Overview and Scrutiny Committee meetings during 2015-16 and, as a result, it could be perceived that some Members were not fulfilling their roles and responsibilities as effectively as they could be. We reported that the Council was actively trying to address member attendance.
- 16 In our Corporate Assessment report issued in September 2016, we included a proposal for improvement that the Council should work with Members to continue to identify ways in which low attendance at some committees can be improved. We urge the Council to address this promptly as Overview and Scrutiny Committees continue to suffer low member attendance in 2016-17 with examples of Overview and Scrutiny Committees becoming inquorate, preventing them from fulfilling their roles effectively.
- 17 In line with the findings of our Corporate Assessment report, we found that there is a supportive and constructive relationship between members and officers when

considering significant service changes. There are weekly member seminars, which provide an opportunity to share information, including on key service or legislative changes. There has recently been a session on equalities, for example, but member attendance at these seminars can be variable.

- 18 The Council's Monitoring Officer and Assistant Chief Executive for Resources both review reports to ensure compliance with constitutional and legal requirements. The Council's Equalities officer also reviews the Council's completed policy impact assessments and, more recently, wellbeing assessments to check compliance with the Public Sector Equalities duty. A standard report template that covers key legislative requirements is in place and has recently been updated and strengthened.

The Council considers a range of options when service changes are proposed, but there is scope to strengthen the quality of options appraisals

- 19 The Council considers a range of options when service changes are proposed. The majority of officers and members who responded to our survey agreed that the Council considered all potential options.
- 20 The Council's arrangements provide for a number of opportunities for officers and members to scrutinise and challenge service change proposals and options appraisals. For instance, there is pre-decision scrutiny and there have been some good examples of engagement of Overview and Scrutiny committees in proposed service changes, such as the review of the level of library provision and the introduction of 'skinny' waste bins.
- 21 Most of the Council's overview and scrutiny chairs have regular meetings with their respective Cabinet members. This provides the scrutiny chairs with an opportunity to discuss potential service changes and to consider the role of scrutiny in considering proposals.
- 22 The Council holds a joint scrutiny committee workshop involving all scrutiny members to discuss its budget proposals, which is also open to the public. Both members and officers agreed that these workshops are productive and provided key opportunities to consider potential service changes, which the Council may put forward as part of the budget process.
- 23 Cabinet members have the opportunity to discuss proposed service changes at informal Cabinet meetings and at their regular meetings with relevant heads of service. We understand that service change proposals are actively considered and challenged at an officer level through departmental and leadership teams.
- 24 Whilst the Council does not use a formal business case approach for proposed service change, it uses a standard report template, which includes sections on risk, measures of success and consultation, helping to provide a consistent approach for considering service change. These reports are accompanied by policy impact

assessments and, more recently, wellbeing assessments. However, in the absence of a clear vision and objectives for service change, which it could include as part of developing of its CP3 business plan, the criteria used to appraise service change is not explicit.

- 25 Our review of a sample of the Council's significant service changes found that there was scope to improve the quality of options appraisals. For instance, the level of financial information, such as the costs or where appropriate capital receipts of each option, was not always included. We also found examples where reports simply listed the stakeholders the Council had consulted rather than providing an analysis of the outcome of the consultation and how that had informed the options presented to Cabinet.
- 26 The Council has not provided support or training for members on options appraisals or the new wellbeing assessments. As officers are now including these assessments within their reports to Members, it is important that the Council assures itself that decision makers fully understand the information provided and are able to take this into account when considering service changes.
- 27 Although Cabinet and scrutiny members interviewed as part of our review were generally happy with the quality of information in options appraisals provided by officers, Overview and Scrutiny Committee members had returned reports to officers where they were not happy with their quality.
- 28 Our Corporate Assessment report concluded that the Council's senior leadership team had a good understanding of the the WFG Act and the Council had started to integrate the five ways of working into its decision making, but this was not being done systematically or consistently. It is positive to note that the Council is now taking action to ensure decisions on future and current service changes take account of the sustainable development principle, and has developed a wellbeing assessment to support this. The Council has developed guidance for officers on completing the wellbeing assessments, together with a prompt sheet to help officers consider how to maximise the Council's contribution to the wellbeing goals. The Council has also put example completed reports on its intranet as a guide for officers. More significantly, the Council is trying to shift its culture so that its wellbeing assessments are an integral part of the early consideration of service change rather than just being used at the point of taking a decision. The Chief Executive has reinforced this message about embedding sustainable development principles into early consideration of service change via communications to staff, which is clearly filtering through the organisation.
- 29 Records of the Council's decisions about service changes are generally accessible and clear. Records of decisions of each Cabinet member are available on the Council's website. The reason for a decision is a standard section but this generally states 'as set out in report' so it is not a standalone document and the reader would need to refer back to the original report to understand the rationale for the decision. The reason for a decision is not a specific section of the Council's standard report template report, but rather this tends to be set out within the

background section. There is therefore potential to set out more clearly the reason for a decision in reports and records of decisions.

- 30 Overall, information is timely and accessible to the public, and the availability of information in different formats is well signposted on agenda papers. In addition, a large proportion of the Council's committee meetings are webcast live, as well as the videos then being made available to watch online. The Council also publishes draft minutes from its committees rather than waiting for these to be formally approved at the next meeting before making them public, increasing the currency of the information.

The Council has sound arrangements for engaging stakeholders in service change proposals

- 31 The Council has good arrangements to engage and inform stakeholders of service change considerations, such as its Torfaen Talks newsletter, budget roadshows, [People's Panel](#) and [My Say](#). The Council's website includes a dedicated page on engagement and consultation, which includes information about My Say and how to join the People's Panel. The Council also actively uses social media to consult and engage stakeholders, and it has a live Twitter feed during its Overview and Scrutiny Committee meetings. The Council has good mechanisms for engaging with staff. These include an opportunity to raise questions directly with the Council's Chief Executive.
- 32 The Council's [get involved with democracy](#) link on its website provides information on attending public meetings, public speaking at meetings, webcasting of Council meetings and explains that members of the public may ask questions or submit petitions to the Council. It also provides a link to the Council's executive work programme.
- 33 We found that there had been effective engagement of stakeholders in some of the service changes we reviewed and that they had clearly informed the service changes undertaken. This included the proactive engagement of CyMAL (Museums Archives and Libraries Wales) in the Council's libraries' co-location proposals; scrutiny and public engagement in the introduction of skinny waste bins; and engagement of community councils in the changes to public toilets. There has also been early consultation with staff and Trade Unions about potential significant service changes. Many of the partners who responded to our survey agreed or strongly agreed that the Council effectively involves them when considering significant service changes.

The Council monitors the impact of service changes but its arrangements are not systematic

- 34 Measures of success, which the Council can use to monitor the impact of service changes, are set out in the Council's reports, such as the libraries service change report. The Council's guidance on key decision reports includes information about what the measures of success section of the report should contain, but there is scope for the Council to improve the monitoring of the impact of its service changes. For instance, the Council could be more explicit in setting out what it needs to assess the impact of its service change decisions, how this monitoring will take place, and who will be responsible for monitoring the impact.
- 35 The Council used to undertake policy impact assessments for service changes and budget mitigations. These have now been replaced with wellbeing assessments, which also include consideration of equalities issues. The wellbeing assessments are made available with Cabinet, Council and Overview and Scrutiny reports. However, the new wellbeing assessment template does not refer to how the Council will monitor the impact of service changes.
- 36 The Council's quarterly corporate performance assessment meetings provide a key mechanism for members and officers to focus on the impact service changes have on performance. For example, the Council monitors the impact of the introduction of 'skinny' waste bins on waste and recycling performance in this way. The Council also regularly monitors its complaints, the results of which are reported to Cabinet and Corporate Management Team. This provides another way for the Council to consider the impact of service changes. The Council also has effective arrangements for monitoring the realisation of anticipated budget savings.
- 37 It was evident that scrutiny committees are proactive in requesting that they review service changes post-implementation. There have been examples of scrutiny committees monitoring the impact of service changes including the leisure trust, the introduction of 'skinny bins', and the Shared Resources Services collaboration, which has been included in the 2016-17 work programme of the Resources and Corporate Business Overview and Scrutiny Committee.
- 38 The work programmes of each of the Council's scrutiny committees are available on the Council's website, but they do not provide any detail on the nature of the items to be discussed or the purpose of the item being considered. The dates of meetings are also not complete for each topic.
- 39 There is evidence that transition arrangements for significant service changes are effectively considered. For example, the Council's waste team engaged with local businesses about the introduction of trade waste charges, supplementing this with provision of information. The Social Care team also met with those who would be affected by the further right sizing of care packages, linked to change in eligibility criteria.

The Council proactively reviews and improves the effectiveness of its decision-making arrangements

- 40 As our recent Corporate Assessment highlighted, the Council's assurance and self-evaluation processes are sound, enabling it to effectively assess its corporate governance framework, and identify where this requires further improvement. We concluded that the Council has a learning culture. During our interviews for this review, both members and officers were open and clearly aware of the Council's strengths, opportunities, challenges and areas for improvement.
- 41 The Council has learnt from previous significant service changes and challenges. It has strengthened a number of its arrangements, such as its public engagement arrangements, the development of joint scrutiny workshops and the development of a clear political vision. It is also very keen to embed consideration of the sustainable development principle into its proposed service changes, and the senior leadership is conveying this message throughout the organisation. The Council has recently agreed to be one of the pilot organisations in the development of the Auditor General for Wales' approach to auditing how bodies meet the requirements of the WFG Act.

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