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

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The team who delivered the work comprised Gwilym Bury 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 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 Conwy County Borough 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.

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**

- 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:
- changes to residual waste and recyclable waste collection
 - review of car parking charges
 - library modernisation
 - Conwy Options Appraisal for the homeless service
- 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 sound governance arrangements for determining significant service changes but the consistency of equality impact assessment varies and there is a lack of transparency in the reporting of service change savings.**

Proposal for improvement

Exhibit 1: proposal for improvement

The table below sets out the area for improvement identified in our review.

Proposal(s) for improvement	
P1	The Council's governance arrangements could be strengthened by ensuring that Equality Impact Assessments are produced consistently.

Detailed report

The Council has sound governance arrangements for determining significant service changes but the consistency of equality impact assessment varies and there is a lack of transparency in the reporting of service change savings

The Council has a clear strategic framework for planning and implementing service changes

- 8 The Council's Project Management Framework for major service change stipulates that significant service change proposals in Conwy have to demonstrate linkage to not only the Council's citizen outcomes (improvement objectives) but to other linked plans such as the Council's Equality Plan. The service changes we looked at demonstrate linkages to several improvement objectives and set out how success would be monitored and judged. The Council's improvement objectives are:
- people in Conwy are educated and skilled
 - people in Conwy are safe and feel safe
 - people in Conwy live in safe and appropriate housing
 - people in Conwy are healthy and independent
 - people in Conwy live in a County which has a thriving economy
 - people in Conwy live in a sustainable environment
 - people in Conwy live in a County where heritage, culture and the Welsh language thrive
 - people in Conwy are informed, included and listened to
- 9 The Council is still at an early stage of revising its governance arrangements to address the requirements of the WFG Act. As part of work on the WFG Act the Council has launched the 'County Conversation', a county-wide consultation aimed at the people who live and work in Conwy county to allow the public a say on how services are delivered by a range of public sector organisations. The survey is primarily online but other more traditional methods of participation are also used. The Council also aims to align its new 2017 Corporate Plan to meet the needs of the WFG Act 'to protect and enhance the economic, environmental, social and cultural well-being of our residents in a sustainable way'.

- 10 The 'County Conversation' is central to the Council's new approach to addressing sustainable principles in involving stakeholders in developing its future vision for service changes. The 'County Conversation' is being managed by the Council, but it is acting on behalf of a group of public sector organisations. The organisations that are intended to benefit from feedback will include:
- Conwy County Borough Council
 - North Wales Fire and Rescue Authority
 - Natural Resources Wales
 - Betsi Cadwaladr University Health Board
 - Denbighshire County Council
 - Conwy Voluntary Services Council
 - National Probation Service
 - Wales Community Rehabilitation Company
 - Public Health Wales
 - Welsh Government

The Council's 'Team Conwy' approach sets out a clear and well understood approach for service change governance arrangements

- 11 Political leaders and senior officers have a sound ownership and understanding of the Council's priorities, and they work well together. The high level of trust and co-operation between councillors and staff is a notable feature of the Council. The Council's senior managers have a clear vision of what they are seeking to achieve. Councillors and staff regard senior managers as being highly effective in promoting a 'Team Conwy' approach. The 'Team Conwy' approach sets the tone for a Council-wide culture that focuses on core activities that require improvement and current arrangements appear to work well when considering service change. The staff we spoke to about service change felt that the 'Team Conwy' approach continued to generate a sense of pride in the work of the Council and a strong culture in which they feel accountable for service performance.
- 12 The Council's Project Management Framework for major service change is a good quality and comprehensive approach that was introduced in 2007, and substantially revised in 2013 as a result of learning from a collaboration with a neighbouring council on Home to School Transport services that did not deliver the benefits the Council was expecting. The significant service changes we looked at as part of this review all showed that these project management arrangements are consistently well embedded.

- 13 The separate roles of the Monitoring Officer, Head of Law and Governance, Head of Democratic Services, and Head of Corporate Human Resources Services in the implementation of significant service changes are set out in the Council's Constitution, which was updated in 2016 and has regard to relevant guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and Welsh Local Government Association (WLGA). As part of the training offered to new councillors, the democratic procedure for addressing significant service change is explained, as well as the role of councillors in monitoring the progress of significant projects.

Councillors robustly challenge business cases and options appraisals for service change

- 14 All of the Council's service changes we examined, such as the changes to residual waste collection, had comprehensive business cases that described in detail all the alternative options considered and explained why they were not recommended in preference to the recommended service change proposal. In all cases the range of alternative options was comprehensive and officers also considered the risks of the alternative proposals, anticipated costs, and broad sustainability implications.
- 15 Information presented to councillors in relation to service change proposals is comprehensive. For example, information on the residual waste collection service change proposal was comprehensive and a number of options were appraised enabling councillors to make a clear and informed choice. Where concerns are raised by residents and stakeholders during initial consultation, such as on car parking charges, the 'Team Conwy' approach with its high emphasis on building a consensus led to further rounds of consultation in order to address these concerns.
- 16 To ensure that decisions take account of a broad range of political views, a high proportion of the work of Council scrutiny committees takes the form of 'pre-decision scrutiny' whereby committees consider issues before they reach Cabinet for decisions to be taken. The service change reports presented to scrutiny and to Cabinet are consistently comprehensive. Furthermore, the extensive engagement of councillors through, for example, their membership on project and programme boards and their involvement in budget workshops, generally ensures that the recommendations included within committee reports are likely to command a broad level of support.
- 17 Scrutiny committees offer further robust challenge of service changes. Of the service changes we examined we found examples where scrutiny committees have recommended for modifying the recommendations included in service change reports, such as car parking, and, in some cases, requested that reports be re-drafted in order to improve their clarity. In the service changes we examined, for example, car parking and residual waste, the Cabinet responded positively to the scrutiny committee recommendations.

18 All of the Council's significant service change decisions are reviewed by the relevant scrutiny committee and then Cabinet which, as set out in the constitution, makes final decisions on service changes. Occasionally, Cabinet debates on more controversial service changes, such as on residual waste, are discussed with over 50% of all councillors attending and many contributions from non-Cabinet members. All decisions on service change are fully and accurately recorded in written minutes available on the Council's website.

Conwy's stakeholder engagement is comprehensive but the consistency of equality impact assessments varies

- 19 Each service change business plan we examined had a specific engagement plan, progress of which was monitored by the relevant officer group during the service change implementation. For example in 2016, the Council became the first Council in England or Wales to trial four-weekly collections for residual waste, and early results suggest the Council is now achieving one of the highest recycling rates in Wales and the UK. The role of officers and key councillors in listening to residents and stakeholders, and modifying the trial to address their concerns, were key to the successful achievement of the trial.
- 20 The quality of the Equality Impact Assessments we examined for this review is variable. In developing the Conwy 2016-20 Equality Plan, the Council engaged with people with protected characteristics, but in the service changes we examined we could see no evidence of specific local engagement on each proposal. The Council's Equality Plan sets out how engagement should take place. In examining a number of the Council's Equality Impact Assessments for significant service changes reported to councillors, the quality of information on how changes to services or cuts in budgets will affect groups with protected characteristics varied.
- 21 In some of the service changes we examined, the need for full Equality Impact Assessments was deemed not necessary by the Council, but the explanation as to how it had come to this conclusion was not always clear. At the time of our fieldwork for this review in 2016, few of the Equality Impact Assessments that had been undertaken in relation to service change proposals were available to the public to consider, as committee reports referred to a link to the Council's internal 'intranet' and not the public Council website. The Council has now remedied its practice and all new Equality Impact Assessments are now on the Council website and accessible to the public.
- 22 The views of residents and stakeholders in Conwy are taken seriously by councillors and senior officers in the decision-making process we observed for service change proposals. The Recycle More Survey of all households in Conwy, in particular, used a number of innovative approaches to obtain people's views and achieved over 11,000 responses. However, the Council recognises it needs to do more to widen involvement in decision-making and decision-making bodies to reflect the diversity of the area.

- 23 Consultations for service change are well publicised by the Council, both on its website and through a range of other publicity in the County Borough. Agendas and reports about service change proposals are easily accessible on the Council's website.
- 24 The Council has set up a number of Facebook and Twitter sites for a range of topics and services including some service change proposals. There is a consultation page on the Council website called 'have your say' which explains what is happening with current and closed consultations. The Council resident newsletter 'Conwy bulletin' (which is delivered to every household) reports back on consultation exercises and how decisions are taken on service changes.

The Council's monitoring arrangements to assess the impact of service changes are effective but there is a lack of transparency in the reporting of service change savings

- 25 The Council's proposed monitoring arrangements are set out in the initial service proposal business cases before a final decision is taken. Monitoring of the impact of service change is usually undertaken during implementation of the service change through regular reporting to a modernisation board. The monitoring arrangements also include a requirement to evaluate lessons learnt based on the predicted outcomes/impacts from the original business case. The Council's constitution sets out who in broad terms is responsible for monitoring service changes. The service changes we looked at were often internally monitored through a Modernisation Board comprising senior officers and councillors. Arrangements for public monitoring of impact of service changes rely on the Council's scrutiny process as deemed appropriate by the scrutiny committees.
- 26 The outcomes of service changes we looked at had all been subject to public scrutiny by the appropriate scrutiny committee. All recent service changes we looked at required monitoring arrangements through scrutiny, and sometimes further review by internal audit. The planning of transition arrangements for service changes we looked at are robust and there is no evidence that during the transition period services provided to the public declined.
- 27 However where service changes are anticipated to produce savings, there is subsequently no reporting of whether the savings have been made or not. It is therefore not clear if the value of savings achieved has come from planned savings or alternative savings made during the year. Budget monitoring reports to councillors report on progress against overall budgets and do not provide information on progress against savings plans.

- 28 There is a lack of transparency in the public reporting of changes to anticipated savings, as failure to deliver savings is not publicly debated and alternative savings are not routinely approved by all councillors or subject to the same rigorous democratic process as those savings approved as part of the budget process. Formal reporting of progress against planned savings in budget monitoring reports would strengthen arrangements and provide improved transparency and accountability around savings achievement.

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

- 29 The Council reviews the effectiveness of its governance arrangements on an annual basis in compiling its Annual Governance Statement. This review is comprehensive and reviews decision-making arrangements in the light of experience and recommended good practice. The Council also takes a robust approach to managing risk. The Council has a Corporate Risk Register that is regularly reported to the Audit and Governance Committee, Principal Overview and Scrutiny Committee and to Cabinet. The Corporate Risk Register highlights new service change risks that are judged to be a corporate risk and those existing corporate risks whose ratings have changed since the last assessment.
- 30 The Council has recognised the importance of managing risk and a corporate risk register with supporting guidance is in place. Key risks are identified and assessed as critical, major, moderate or minor. The Council has endorsed the risk management strategy and corporate risk register and has regard to it when allocating resources. Cabinet has agreed that it should consider updates to the corporate risk register every six months. Individual service areas produce their own risk registers, which they consider alongside their service improvement plans.
- 31 Risk management is seen as a high priority in all service areas and risks are managed at a service, project, and corporate level. The process for monitoring how each of the services manages its risks is consistent and accountability arrangements are clear. Risks are well managed on large individual projects and are directly managed by the head of service or strategic director if it is considered that there is an additional greater corporate risk. Risks are also assigned to the relevant cabinet portfolio member and scrutiny and overview committees.
- 32 The service changes we looked at are all monitored through service area risk registers and some of the service changes, such as library modernisation and the risk of a failure to achieve recycling targets, are featured in the Council's Corporate Risk Register. None of the specific service changes we looked at had required escalation from a service risk register to the Corporate Risk Register at the time of our review.

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