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Good Governance when Determining Significant Service Changes – **Gwynedd Council**

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Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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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. 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 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'.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 Gwynedd 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, for example, 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 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 were:
- changes to residual (non-recyclable) waste collection; and
 - review and modernising libraries to provide a fit for purpose services within a smaller operating budget.

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 We concluded that **Gwynedd Council's governance arrangements for service change are sound and improving, better supporting effective decision-making**. We reached this conclusion because:
- service changes are planned and implemented within a clear strategic framework;
 - governance and accountability arrangements for determining the need for, and nature of, service changes are generally clearly defined and well understood;
 - business cases are well structured and informative, but the review and challenge of service delivery options by scrutiny committees is not always timely;
 - stakeholder engagement is comprehensive and wide-ranging;
 - arrangements to monitor, assess and report the impact of service changes continue to strengthen; and
 - annual self-assessments of the Council's governance arrangements are risk-based and promote continuous improvement.

Proposals for improvement

Exhibit 1: proposals for improvement

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

Proposals for improvement	
	The Council's governance arrangements for significant service change could be strengthened by:
P1	Scrutiny committees having the opportunity to review and challenge service change business cases in a timely manner before a final decision is made by Cabinet.

Detailed report

Gwynedd Council's governance arrangements for service change are sound and are improving, better supporting effective decision-making

Service changes are planned and implemented within a clear strategic framework

- 7 The Council's vision – as set out in its 2013-17 Strategic Plan – is to 'do the best for the people of Gwynedd in a difficult time'. The vision includes a commitment to 'transform services so that they will be sustainable in the future'. The 2013-17 Strategic Plan makes specific reference to the importance of cross-cutting issues such as sustainability, equalities and the Welsh Language in the achievement of the Council's vision, the attainment of its improvement objectives, and in the implementation of service change and delivery.
- 8 Service change proposals are linked to the Council's vision via the priorities and improvement objectives in the 2013-17 Strategic Plan and/or the requirements of the 2015-18 Savings and Efficiencies Plan. The Council's Ffordd Gwynedd governance project provides the framework for the implementation of its vision through the development of a culture within the Council that 'puts the people of Gwynedd at the centre of everything we do'.
- 9 Changes to the Council's services are also made to meet wider objectives, such as statutory requirements (national waste targets and library standards). The change it has made to its Residual Waste Collection Service – moving to three weekly collections of household waste in the County – proposes to assist the Council in meeting the requirements of the Welsh Government's Towards Zero – One Wales: One Planet Strategy, as well as the objectives in its 2013-17 Strategic Plan, 2015-18 Savings and Efficiency Plan and 2010 - 2025 Waste Strategy. The Council's changes to its Library Service propose to assist the Council in complying with the Welsh Public Library Standards in addition to meeting the objectives in its own plans.

Governance and accountability arrangements for determining the need for, and nature of, service changes are generally clearly defined and well understood

- 10 Rules and procedures, including roles and responsibilities for making decisions and managing all aspects of the Council's business, are contained in the Council's Constitution. The Constitution was updated in May 2015 and describes the structure of the Council's decision-making process including full Council, Cabinet and, scrutiny committees. This provides clear guidance on the different roles and duties of officers and Members in the decision-making process.
- 11 The Council has not formally set-out specific procedures to be followed when determining service changes. However, officers and Members are well versed in the governance and accountability framework contained in the Constitution and are generally clear about how these are applied to the decision-making process in all aspects of the Council's business, including service changes.
- 12 Compliance with the Constitution is overseen by the Monitoring Officer. All Cabinet reports, including those of the Portfolio Holders on service changes, are reviewed by the Monitoring Officer to ensure adherence to legal and constitutional requirements. The Monitoring Officer, or a representative of the Legal Department, are Members of the project teams for some large service change projects, such as schools re-organisation, where there are significant constitutional and/or legal issues.

Business cases are well structured and informative, but the review and challenge of service delivery options by scrutiny committees is not always timely

- 13 Service change business cases are comprehensive and contain a wide range of information including delivery options, financial and performance analysis, sustainability considerations, results of consultations, consultants' reports, standards' requirements and equality assessments.
- 14 For example, the business case for the changes to the Residual Waste Collection Service contains comprehensive information for officers and Members to help them make an informed decision. It includes the findings of a 2013 consultant's report commissioned under the Welsh Government's Waste and Resources Action Programme. The report contains a detailed analysis of the Council's waste recycling performance and a range of options, including the move to a three weekly collection cycle for household waste, designed to assist in achieving the requirements of the Council's 2013-17 Strategic Plan, 2015-18 Savings and Efficiencies Plan, 2010-25 Waste Strategy, the Welsh Government's Towards Zero Waste – One Wales: One Planet Strategy and its collection blueprint for sustainable waste management services.

- 15 The Council also undertook a consultation exercise to provide user feedback on the proposed changes. Over 2,500 responses to the consultation were received including over 600 from the Council's Citizens' Panel. A detailed analysis of the results of the consultation is included in the business case.
- 16 A breakdown of the risks associated with the Residual Waste Collection service change, and the actions proposed to mitigate the risks, is also included in the business case together with an explanation of the financial and savings implications, and an equality impact assessment.
- 17 The Libraries Service business case is constructed around the same framework and criteria as that used in the Residual Waste Collection Service business case. The findings and recommendations of a consultant's report are included together with the results of a detailed consultation exercise, a financial analysis, a summary of sustainability considerations and an equality impact assessment.
- 18 Once the Council decision to include the changes to the Residual Waste Collection and Libraries in the 2015-18 Savings and Efficiencies Plan was made, the review and challenge of the individual business cases was undertaken by the Corporate Management Team and Cabinet. The process of review and challenge was thorough and well documented. Key decisions concerning service changes are contained in meetings' agendas and documents which are available on the Council's website.
- 19 Although the review and challenge of business cases by the Corporate Management Team and Cabinet is robust, there is some inconsistency in how and when the scrutiny committees are involved in the decision-making process and, in particular, whether they are able to challenge proposed alterations to services before they are agreed by Cabinet. The decision to change the Residual Waste Collection Service was made by Cabinet before the Communities Scrutiny Committee had the opportunity to challenge the new delivery model. Although the decision was eventually 'called in' by the Communities Scrutiny Committee, there was a lack of opportunity (time) for the Committee to provide its input before the Cabinet decision was made.
- 20 However, post-decision scrutiny arrangements to challenge both the need to include service changes in the 2013-17 Strategic Plan and 2015-18 Savings and Efficiencies Plan, and of the individual business cases themselves, are robust and effective. Proposals to change the Residual Waste Collection, Libraries and the Pest Control Services were included in the 2015-18 Savings and Efficiencies Plan, that was submitted to an informal meeting of the Cabinet and Corporate Directors during 2014. Workshops were held for all Council Members to consider the proposals. The proposals and the views of the Members were then examined by the Chairs and Vice-Chairs of the three scrutiny committees, followed by a report to the Corporate Scrutiny Committee and Cabinet.
- 21 The Council is aware of the need to improve the consistency and effectiveness of its scrutiny arrangements and has established a Scrutiny Review Sub-Group which is currently examining a number of possible alternative scrutiny models.

- 22 In addition, the Council is in the process of changing its performance management framework to include nine-weekly meetings of individual Heads of Service, Portfolio Holder, and a member of the Corporate Management Team and, for a trial period, two Members of a scrutiny committee. The new arrangements are being introduced to combine oversight of service change and delivery issues with the monitoring of service performance and to increase the involvement of scrutiny Members in these aspects of the Council's business.

Stakeholder engagement is comprehensive and wide-ranging

- 23 One of the main aims of the Ffordd Gwynedd project is to ensure that the Council has an effective method of communicating with stakeholders 'to ensure that there is focus on the right things in terms of what matters to the people of Gwynedd'. The Council developed its 2013-17 Engagement Strategy to assist with the achievement of this aim.
- 24 The 2013-17 Engagement Strategy and Handbook provide a framework for how and when consultation is to be undertaken. It provides detailed guidance on all aspects of engagement including steps to be taken to identify the different types of relevant stakeholders through stakeholder mapping.
- 25 By applying the principles and guidance in the 2013-17 Engagement Strategy and Handbook, the Council has gained the views of a wide range of stakeholders before making decisions on service changes. The Council undertook an extensive consultation in 2015 as part of its Gwynedd Challenge project. The Gwynedd Challenge survey was well planned and executed and provided residents, businesses and other organisations with an opportunity to comment on, and prioritise 118 potential service changes before they were discussed and finalised by the Council. Over 2,100 questionnaire responses were received and over 600 members of the public attended 32 forums or drop in sessions.
- 26 Results of the consultation were analysed over a number of categories including secondary school catchment areas, young people (up to age 25 years), older people (aged 65 years and above) and people with disabilities. Partner organisations and third sector groups were contacted directly with an invitation to participate in Gwynedd Challenge. Over 70 responses were received from businesses, charities, town and community councils and arts or educational organisations.
- 27 The Council also undertakes consultations on proposals for individual service changes effectively. The detailed consultations on proposed changes to the Residual Waste Collection and Libraries Services are referred to earlier in this report. The results of the Gwynedd Challenge and individual service change consultations are well-signposted and easily accessible on the Council's website.

Arrangements to monitor, assess and report the impact of service changes continue to strengthen

- 28 The introduction of new arrangements to improve the Council's performance management framework is outlined in paragraph 22 above. The Council's previous performance management arrangements included a requirement for service change monitoring reports to be reviewed by a number of officer, member and officer/member groups including 'Improvement Panels'. Under the new framework which is being introduced now, Improvement Panels are to be abolished as part of a streamlining of the Council's governance arrangements. As reported earlier, the performance and financial consequences of service changes will be reported on a nine-weekly basis to a group of senior officers and Members. The reports will then be reviewed by the Corporate Management Team, Cabinet and the scrutiny committee.
- 29 The requirement to monitor the effect of changes to the Household Waste Collection Service was an integral part of the service change business case. In order to minimise any disruption to residents, service changes were introduced on a phased basis. Implementation of the three weekly waste collection cycle was introduced in the Dwyfor region of the County in October 2014. Two teams – the Operation Team and the Engagement Team – were established in the Highways and Municipal Department to implement and monitor the effect of service changes.
- 30 The Council's report summarising the effect of the service changes on residents in Dwyfor was submitted to the Communities Scrutiny Committee in February 2015. The report provides a detailed analysis of the performance and financial improvements achieved from the introduction of the new service, including a 22% reduction in residual waste collected in Dwyfor and a resultant £100,000 savings to the Council in annual landfill costs. The Council's report also includes the results of a Dwyfor resident's participation survey undertaken as part of the Welsh Government's Waste and Resources Action Programme.
- 31 The Council is also committed to ensuring that it complies with its responsibilities under the Equality Act 2010 to undertake equalities and impact assessments and to monitor the effects of service changes on protected groups. The Library Services' More than Books Strategy includes arrangements to monitor and review the effects of the service changes. The arrangements include the requirement for the designation of a Lead Officer for reviewing equalities matters.
- 32 Monitoring arrangements have also been introduced to measure the effects of changes to the Household Waste Collection Service on the protected groups identified in the equalities impact assessment. As a result of the feedback, changes have been made to the service to better reflect the needs of young people/families and the elderly and people with disabilities. A county wide equalities assessment to measure the first full-year impact of changes to the Household Waste Collection Service is planned for 2017.

Annual self-assessments of the Council's governance arrangements are risk-based and promote continuous improvement

- 33 The Council's annual assessment of its governance framework has significantly improved since the establishment of the Governance Arrangements Assessment Group (GAAG) in 2013. The GAAG comprises a number of senior officers including the Chief Executive, Monitoring Officer, Head of Corporate Support and the Senior Manager, Revenues and Risk.
- 34 The main objective of the GAAG is to maintain a continuous overview of all governance matters, including managing the annual assessment of the Council's governance framework. The GAAG annually assesses and scores the impact and effectiveness of the 33 elements of the Council's governance framework (1 – low impact/very ineffective to 5 – high impact/very effective). The assessment also takes account of the views and opinions on the Council's governance arrangements from a number of external sources including the Wales Audit Office, Estyn and the Care and Social Services Inspectorate of Wales.
- 35 The results of the assessment are reported to the Corporate Management Team and Audit Committee as part of the process for the production, review and scrutiny of the Council's Annual Governance Statement (AGS). No elements of the Council's governance framework are identified as very high priorities (on a scale of very low to very high) for improvement in the 2015-16 AGS. However, ten areas of governance are categorised as high priorities for improvement including scrutiny arrangements, performance management and risk management.
- 36 The AGS includes a summary of the actions the Council is undertaking to improve the high priority areas. The Council's review and subsequent improvements to the structure and operation of the scrutiny process and the performance management framework have been referred to earlier in this report.

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