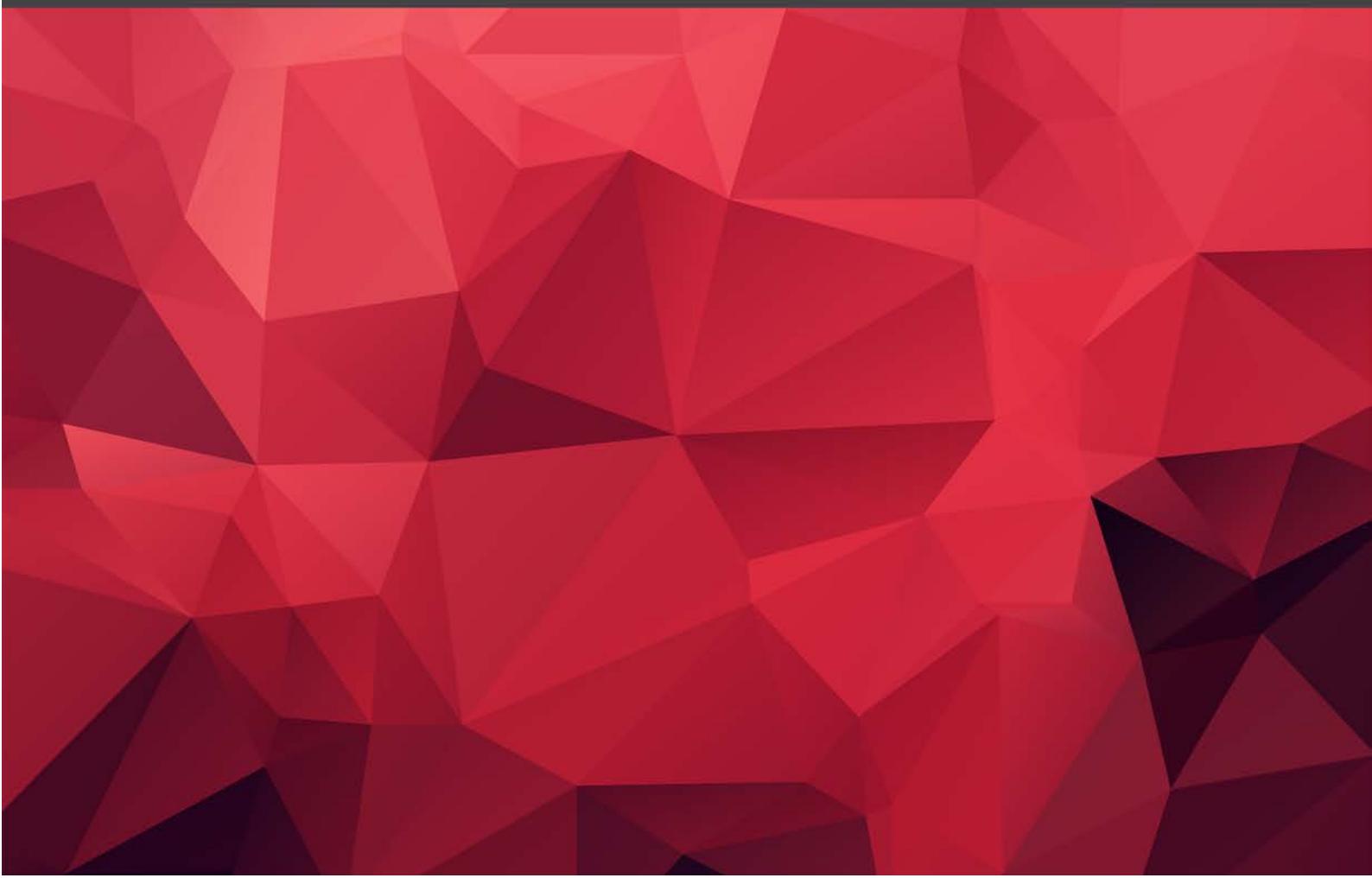


Good Governance when Determining Significant Service Changes – **Carmarthenshire County Council**

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The team who delivered the work comprised Helen Keatley, Jeremy Evans 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 continual 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 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 Carmarthenshire 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.
- 5 Taking the Chartered Institute of Public Finance and Accountancy's (CIPFA's) 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

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

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 we looked at included:

- Restructuring of the social work service
 - Residential and care homes closures and their replacement with 'Extra Care' Facilities
 - Re-alignment of the county wide Street Scene 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 a generally effective approach for determining and delivering significant service changes but there are opportunities to improve the transparency and consistency of arrangements.**

Proposals for improvement

Exhibit 1: proposals for improvement

The following table lists the three proposals for improvement arising from this review.

Proposals for improvement	
Strengthen governance arrangements by ensuring that:	
P1	Scrutiny Committees consider taking better advantage of opportunities to challenge service change proposals and decisions.
P2	Officers work with councillors to identify the level of information councillors want to see on options for service change, to enhance transparency in the decision making process.
P3	The Council reviews the terms of reference of both the Corporate Governance Group and the Corporate Review Working Group in order to clarify their respective responsibilities for assessing and reviewing governance arrangements.

Detailed report

The Council has a generally effective approach for determining and delivering significant service changes, but there are opportunities to improve the transparency and consistency of arrangements

The Council continues to establish an environment and culture to encourage and enable significant service change

- 8 The Council has created a 'can-do' culture which encourages and supports services to think creatively about change. This culture is enabling services to explore opportunities and new methods of service delivery, in order to achieve both improvements and efficiencies. The need to make monetary savings is clearly a current catalyst to accelerate the improvement agenda, but the Council has been driving change to improve service quality for many years.
- 9 The Corporate Management Team (CMT) plays a vital role in managing and driving service change; from challenging the budget setting proposals via internal peer reviews to jointly reviewing the service change proposals with the Executive Board. Members of CMT are also assigned strategic change projects, for example, the Director of Environment is to sponsor a project concerning the Council's digital strategy and agile working.
- 10 Services can call on the Council's Transformation, Innovation and Change programme (TIC) to support service change. TIC offers support, additional resource and expertise on the reconfiguration of service processes and the delivery of efficiencies through the removal of unnecessary process steps using 'lean' systems thinking. The TIC programme has supported a wide range of services to achieve change, sometimes culminating in a TIC Award being made to a service when a programme has been particularly successful in achieving positive change. With a TIC Board and Team in place, the programme has good governance arrangements in place to oversee its development and implementation.³
- 11 The TIC Team, working jointly with services, is seen by the Council as a key element in the success of the programme. Officers in service areas that have experienced the TIC processes then act as 'ambassadors' and practitioners who can, in turn, support other services to develop and deliver change, and help embed the culture and develop the skills needed to drive change throughout the organisation.

³ Wales Audit Office - Assessment of Transform Innovate and Change Programme, May 2015

- 12 The Council recognises that its overall approach to service change will need to adapt to address the requirements of the Well-being of Future Generations (Wales) Act 2015 (WFG Act⁴). This is one of the Council's top priorities and is noted within the Council's Annual Governance Statement for 2016-17. The main focus will be the development of a revised Impact Assessment (IA) document which will incorporate WFG Act principles, as well as other legislative requirements such as Equalities, the Welsh Language and Children's Rights. The impact assessment will be used in the development of all service changes from March 2017 along with other WFG revised templates such as: business plans, the three year Budget Plan and Budget Proposal information. Some service change proposals have already begun to consider the impact on well-being objectives and TIC continues to encourage and support the application of sustainability in all change processes.

The Council has set out clear guidelines for the governance of service change, but scrutiny committees do not always take opportunities to review and challenge decisions

- 13 The Council has set out clear guidelines about whether service changes should be subject to a councillor decision making process or whether officers can act under delegation arrangements. It categorises change proposals into either 'Managerial' (no perceivable change to the overall level of service delivery or Council policy) or 'Policy' (an efficiency or service rationalisation proposal that will directly affect service delivery). Officers are expected to use delegated decisions to enable 'Managerial' change to take place at optimum pace. Whilst the 'Policy' proposals are subject to the councillor decision making process.
- 14 All councillors are given the opportunity to probe and challenge the budget and service change proposals at the annual budget proposal seminars. The seminars are a useful and effective two way process, to inform and educate councillors sufficiently well on service change proposals and to thus contribute to the decision making process. Attendance is not compulsory, but councillors are expected to make every effort to participate; on average 44% of councillors attend the seminars.
- 15 Executive Board Members understand the need to work closely with their portfolio officer leads on service changes. This enables them to be kept informed of progress, address challenges and equip them to be held to account by scrutiny committees or full Council meetings. Executive Board Members also meet regularly as a group to exchange information on service changes within their portfolios and

⁴ The Well-being of Future Generations (Wales) Act 2015 (WFG Act) was passed by the National Assembly in 2015 and sets out five key ways of working which must be adopted by 44 Welsh statutory bodies – integration, involvement, collaboration, long term and prevention.

try to anticipate any possible conflict or duplication between proposals. They also seek opportunities for joint working between services to achieve change.

- 16 Scrutiny committees are given the opportunity to consider service change proposals and make any recommendations to Executive Board prior to decisions being taken. Whilst some scrutiny committees do not always take the opportunity to challenge service change decisions, when opportunities are taken they are generally effective in undertaking scrutiny and in-depth challenge. The use of Scrutiny Task and Finish groups is also effective, as they are able to focus on developing and completing specific projects.
- 17 The Council has recently improved the availability of its Equality Impact Assessment documents (EIAs) to improve their use and effectiveness. It has done this by improving accessibility and promoting their use within reports.

The Council does not have a consistent approach to options appraisal when determining service change proposals

- 18 With no corporate framework, guidance or criteria to support a standardised approach, options appraisal processes vary between services areas. For example, in some cases the approach to option appraisals is inclusive; with senior managers involving officers, front line staff, and Executive Board Members in options appraisal discussions. Other option appraisal discussions or processes are much less inclusive with information not being widely circulated. These variations can lead to some councillors being unclear as to what options appraisals processes have actually taken place, and what the outcomes of discussions were.
- 19 This apparent lack of clarity is made worse when limited options are presented to councillors, or when some options have been removed altogether from the information made available to councillors. Some councillors that we interviewed stated that sometimes only one service change proposal is offered, leaving them to ponder whether other options or alternatives had been considered. This also restricts councillors' ability to gain a full appreciation of the issues and the potential impact of service changes to help them identify and discuss alternative options. Whilst the removal of options in some cases may well be valid, for example due to commercial sensitivity, the lack of consistent information regarding options appraisal processes hinders transparent decision making.
- 20 Two Executive Board Members have organised additional challenge sessions with each of the Departments to seek clarity and to probe more deeply into change proposals. They consider that the current amount of information provided at councillor seminars is insufficient. However, some services are currently expanding their option appraisals and are including them in their business planning process.

The Council has well developed processes in place to seek the views of stakeholders, including councillors and citizens, regarding proposed service changes

- 21 The Council has well developed processes in place to seek the views of stakeholders, including councillors and citizens, regarding proposed service changes. Members of the public are consulted on the Council's annual Budget Proposals using well established engagement channels and methods. Each year, several groups are consulted such as: the Citizen's Panel, 50+ forums, Town and Community Councils and Trade Unions. The Council's 'Insight' programme provides an opportunity for the County's sixth formers to discuss the Budget Proposals and provide interesting alternative perspectives.
- 22 All citizens with access to the Council's web site can complete a questionnaire on service change proposals. The public can also ask direct questions of Councillors or officers in Council meetings, scrutiny committees, or at Executive Board meetings.
- 23 The results of the consultation events regarding the Council's Budget Proposals are reported to CMT and Executive Board for consideration, prior to decisions being made as to which service change proposal will go ahead, or those which will not.
- 24 There are also examples of significant change proposals where service specific consultation has been undertaken with staff, external stakeholders, such as third sector or not for profit suppliers, service users and their families:
 - during the development of the Carmarthenshire Homes Standard (CHS), tenants were extensively consulted regarding what they thought the standard should look like. They were also consulted on how the Council should deliver general house improvements. The Council regards engagement and consultation as an ongoing process and continues to consult and involve tenants on how the standard could be maintained.
 - similarly, with the restructuring of social work practice which aimed to place the family at the heart of the service, in-depth ongoing engagement is an essential part of the service change process, producing essential information and views from service users and families to help directly shape the changing service formats going forward.
- 25 The Council recognises there are some limitations to its consultation processes, including frequency, range and opportunities for ongoing engagement. Currently, as public consultation on service change generally takes place once a year and with similar groups of people, the Council is considering the following ideas to improve the quality and impact of its consultation processes:
 - by improving and extending its stakeholder mapping, the Council is trying to extend its range of consultation participants among the population, reaching those especially with service specific experience and knowledge.

- the introduction of an electronic budget tool to allow the public ongoing access to budgetary information so they can continue to feedback views on the progress being made to implement the revenue budget proposals. This information will add to the officers' ability to monitor the impact of the proposals.
- to improve the quality of feedback to the public following consultation, to enable the public to continue to track the progress and eventual impact of service changes.
- to ensure that the Council's future consultation procedures will reflect the requirements of the WFG Act, and include more cause and effect analysis to identify impact and outcomes.

The Council is strengthening its arrangements to capture information on the impact of service change

- 26 The Council has well established and accessible performance management monitoring arrangements in place, mainly through its Performance Information Management system (PIMS). The PIMS system enables the extraction and reporting of detailed performance monitoring information, which is used to track and assess service changes and evaluate their impact.
- 27 Monthly performance information reports, containing PIMS information, are presented to CMT and Executive Board by the responsible Heads of Service. These reports also include updates on service changes, providing opportunities for CMT and Executive Board Members to examine their impact.
- 28 Executive Board Members are regularly briefed by the senior officers within their portfolio, regarding the progress and impact of specific service changes, providing the Executive Board Members with an opportunity to support or challenge. In addition, Directors present information on service changes to the Executive Board as a whole; whereas Scrutiny Committees received bi-annual performance reports on the impact and effectiveness of service changes.
- 29 Apart from reporting to committees, there are many examples where councillors have taken alternative actions to gather direct information to enable them to scrutinise the impact of service changes:
- the Corporate Parenting Team visited Social Work 'pods' to speak directly to social workers in the field to find out what impact the significant restructuring of the social work service has had on clients and their families; and
 - school visits by the Education and Children Scrutiny Committee enabled councillors to speak directly to staff, governors and senior pupils regarding the impact of the Modernisation Programme on an individual school. Several visits of this nature have been undertaken.
- 30 Within TIC supported change projects, the Council is continually seeking ways to improve the information gathering and reporting of the service changes and efficiencies. Although it remains the responsibility of the Head of Service to monitor

the impact of the service change, TIC assists services to develop specific indicators to measure outcomes and impact, in addition to established Performance Indicators and Priority Based Budgeting (PBB) targets. The TIC team will arrange a six month or annual check with the Head of Service concerned, involving the original review team so they can compare progress against the initial proposals. TIC also presents, often jointly with the service involved, updates on what changes and outcomes have been achieved, directly to the Executive Board, scrutiny committees and workshops of officers and councillors.

- 31 Where service changes involve external commissioning or joint working arrangements, there are examples where the Council has established evaluation and reporting arrangements with partner organisations, to monitor the progress and impact of service change, for example:
- Following the restructuring of social work teams ('Reclaiming social work'), feedback from the Institute of Public Care (IPC), Information, Advice & Assistance Wales (IAA), and Team around the Family (TAF) initiative, provided advice as to how the re-structuring could be further improved and its impact more effectively measured. The organisations also helped develop a suite of Performance Indicators to more effectively measure the impact of the new social work structure.
 - In collaboration with Cardiff University and Hywel Dda Health Board, the Council took part in a study looking at what extent its social housing regeneration programme (Carmarthenshire Homes Standard), designed to meet housing quality standards, benefited residents' health and provided economic value.

The Council's approach to reviewing its decision making arrangements is not sufficiently clear

- 32 The Council's approach to reviewing its decision making arrangements is not sufficiently clear. The Council's method and frequency of reviewing its decision making arrangements is not clearly articulated in its Constitution.
- 33 The Council has two different arrangements in place to review its governance arrangements. These are, the Corporate Governance Group (CGG) and the Corporate Review Working Group (CRWG). These two groups currently operate independently of each other.
- 34 The CGG is primarily a senior officer group, with two Executive Board Members. The group undertakes reviews of the Annual Governance Statement (AGS). The AGS records and reflects the actions taken or planned, to improve governance arrangements.
- 35 The CRWG is a cross party councillor-led group, also focused on governance arrangements. This group was initially formed to address the findings of the Council commissioned Welsh Local Government Association (WLGA) peer review

- in 2015. The CRWG has been effective in dealing with corporate governance issues. It responded well to the WLGA peer review's comments on its arrangements, establishing clear action plans to drive improvement as a consequence. A number of significant changes to the Council's constitution were proposed by this group, which were subsequently approved by full Council.
- 36 The Council needs to consider the terms of reference for both the CGC and CRWG groups in order to clarify their respective responsibilities for assessing and reviewing its governance arrangements, including decision making.

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