

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

9TH MARCH 2017

WALES AUDIT OFFICE - GOOD GOVERNANCE WHEN DETERMINING SIGNIFICANT SERVICE CHANGES REPORT

REPORT OF THE CHIEF EXECUTIVE IN DISCUSSION WITH THE RELEVANT PORTFOLIO HOLDER, LEADER OF THE COUNCIL, COUNCILLOR A MORGAN

Author: Chris Bradshaw, Chief Executive - 01443 424026

1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to update Members on the latest Wales Audit Office (“WAO”) report to be issued and note the action to be taken by the Council in response to the proposals for improvement raised.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Note the contents of this report;
- 2.2 Consider whether the Council’s response to the WAO proposals for improvement are sufficient.

3. REASONS FOR RECOMMENDATIONS

- 3.1 It is important that WAO proposals for improvement are considered by Cabinet and appropriate action is taken in response to the matters raised.

4. BACKGROUND

- 4.1 As part of the Audit of the Council for the financial year 2016/17, Wales Audit Office has undertaken a review that has focused on the effectiveness of the Council’s governance arrangements for determining significant service changes. The WAO has taken the Chartered Institute of Public Finance and Accountancy’s (CIPFA) revised framework for “Delivering good governance in local

government” as an appropriate standard and has provided the Council with a baseline from which to plan further improvement.

4.2 A copy of the WAO report is included in Appendix 1.

5. THE WAO PROPOSALS FOR IMPROVEMENT AND THE PROPOSED RESPONSE

5.1 The WAO report is a positive report and reflects the fact that the Council has robust financial, service change and performance management arrangements in place. Nevertheless, there are opportunities to improve these arrangements and the WAO has made three proposals for improvement, which are as follows:

- P1 – The Council set out at the point of decision on service change proposals how the impact of proposed changes is going to be measured and monitored;
- P2 – The Council clarify and promote the arrangements for public participation in its overview and scrutiny process in order to encourage and promote public involvement;
- P3 – The Council publish its overview and scrutiny committees’ forward work programme(s) as stand-alone documents(s) on the Council website to increase openness and transparency.

5.2 Appendix 2 to this report sets out an action plan with timescales that responds to the proposals for improvement.

6. EQUALITY AND DIVERSITY IMPLICATIONS

6.1 None.

7. CONSULTATION

7.1 Not required.

8. FINANCIAL IMPLICATION(S)

8.1 There are no financial implications.

Good Governance when Determining Significant Service Changes

COUNCIL ACTION PLAN TO RESPOND TO WAO PROPOSALS FOR IMPROVEMENT

Proposal for improvement	Council response	Timescale for action	Officer responsible
P1 – The Council set out at the point of decision on service change proposals how the impact of proposed changes is going to be measured and monitored.	Agreed. This recommendation will be implemented in setting future revenue budgets.	As appropriate	Chief Executive
P2 – The Council clarify and promote the arrangements for public participation in its overview and scrutiny process in order to encourage and promote public involvement.	Agreed. The Council will consider the opportunities to engage the public in the scrutiny process, learning from best practice across the UK. A report on this recommendation will be considered at the Annual General Meeting when it is convened early in the 2017/18 Municipal Year.	June 2017	Head of Democratic Services
P3 – The Council publish its overview and scrutiny committees' forward work programme(s) as stand-alone documents(s) on the Council website to increase openness and transparency.	Agreed. For the Municipal Year 2017/18, the work programmes of the various scrutiny committees will be available on the Council's website as a stand-alone item.	September 2017	Head of Democratic Services



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

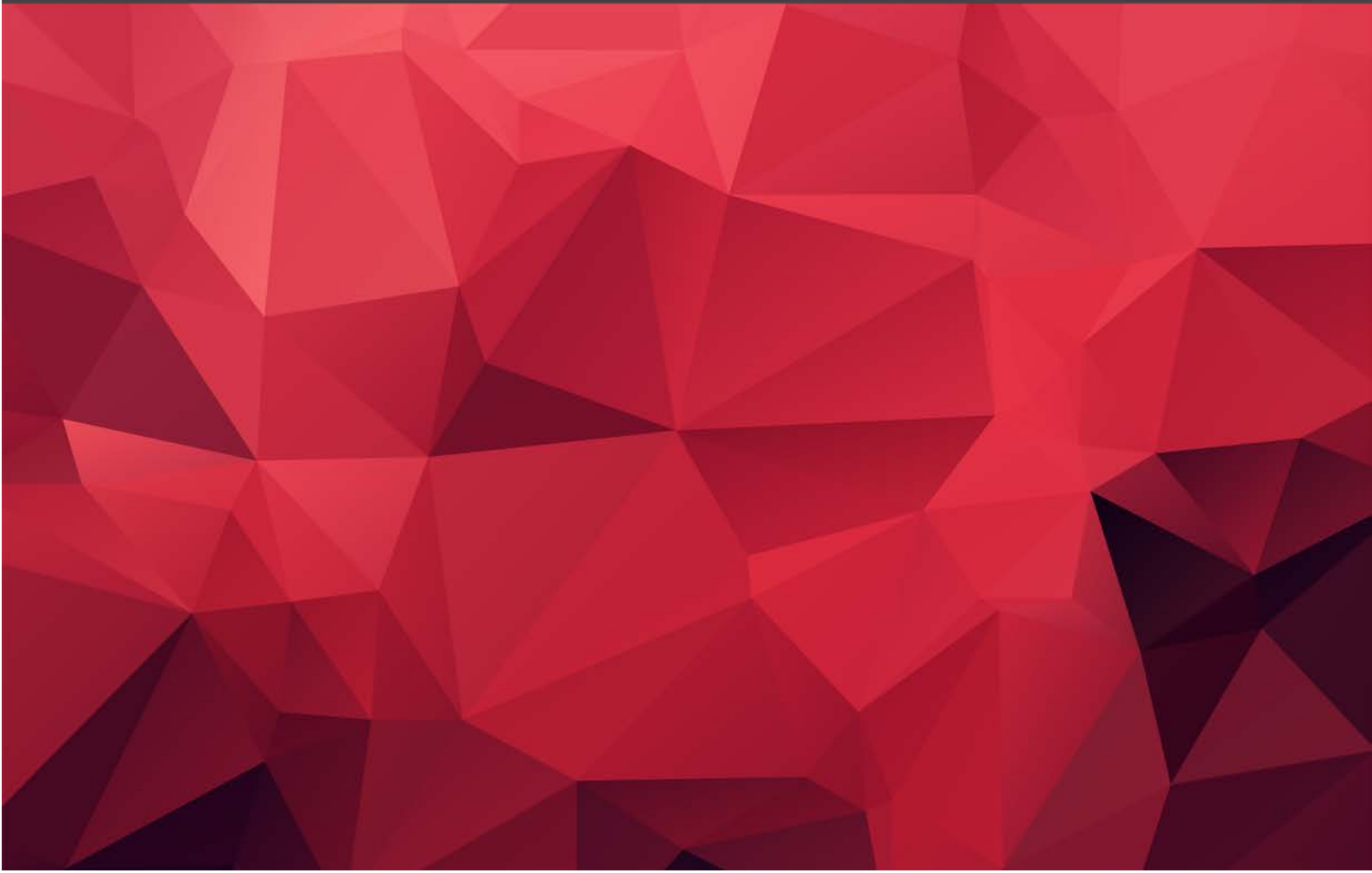
Archwilydd Cyffredinol Cymru
Auditor General for Wales

Good Governance when Determining Significant Service Changes – **Rhondda Cynon Taf County Borough Council**

Audit year: 2016-17

Date issued: February 2017

Document reference: 121A2017



This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding

disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

The team who delivered the work comprised Tim Buckle, Alison Lewis and Non Jenkins under the direction of Jane Holownia.

Contents

The Council has effective governance arrangements for determining significant service changes and has demonstrated a commitment to further improving them.

Summary report

Summary	4
Proposals for improvement	5

Detailed report

The Council has effective governance arrangements for determining significant service changes and has demonstrated a commitment to further improving them	6
The Council has a clear vision and strategy for determining service changes linked to its strategic priorities	6
Governance and accountability arrangements for service change decision making are clear and well understood	7
Options appraisals are well developed and transparent	8
The Council has effective consultation arrangements for key service changes and is committed to improving its engagement with stakeholders	9
The Council is improving its corporate arrangements for monitoring the impact of service changes	10
The Council has made improvements to its decision making processes to reflect learning from earlier service changes	11

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 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 wellbeing goals.
- 4 The focus of this review is on the effectiveness of Rhondda Cynon Taf 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**

September to November 2016, to inform our assessment of the Council's overall arrangements 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:

- social care transformation programme
- library services
- day care nursery provision
- bus routes
- youth engagement and participation services

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 In the Council we undertook an earlier review of decision-making arrangements in relation to service change.³ This report provides an update on the progress made by the Council since our last review.
- 7 In this review we concluded that the Council has effective governance arrangements for determining significant service changes and has demonstrated a commitment to further improving them.

Proposals for improvement

Exhibit 1: Proposals for improvement

Proposals for improvement	
P1	That the Council set out at the point of decision on service change proposals how the impact of proposed changes is going to be measured and monitored.
P2	That the Council clarify and promote the arrangements for public participation in its overview and scrutiny process in order to encourage and promote public involvement.
P3	That the Council publish its overview and scrutiny committees' forward work programme(s) as stand-alone document(s) on the Council website to increase openness and transparency.

³ Wales Audit Office: **Improvement Assessment 2015-16: Review of decision-making arrangements in relation to service change – Rhondda Cynon Taf County Borough Council, May 2016**

Detailed report

The Council has effective governance arrangements for determining significant service changes and has demonstrated a commitment to further improving them

The Council has a clear vision and strategy for determining service changes linked to its strategic priorities

- 8 The Council has a clear framework for determining service change proposals linked to its strategic vision. The Council's vision is 'For the County Borough that has high aspirations, is confident and promotes opportunity for all.'⁴ The Council has been making service changes in response to budget pressures, and within the Corporate Plan the Council sets out its approach to 'meeting the challenge' associated with budget pressures by:
- providing essential services well;
 - helping people and communities to help themselves;
 - building a sustainable County Borough; and
 - living within our means.
- 9 The Council has involved stakeholders in the development of its vision for service change. The vision for service change is incorporated into the Council's Corporate Plan, which was consulted on as part of the Council's 2016-17 budget proposals consultation.
- 10 The Council differentiates between service change proposals and efficiencies. Service changes are defined as those likely to have a noticeable frontline service impact. Efficiencies are defined by the Council as 'cost reducing measures which will not have an impact on the level of services provided, that is, they will be unnoticeable to service users/customers'.⁵ In 2015-16 the Council made service changes that had a frontline service impact, However, for 2016-17 the Council's framework for meeting its budget strategy did not include 'service changes' under the Council's definition.
- 11 In addition to meeting its budget reduction targets the Council has also chosen to invest in areas targeted at the three priorities in its Corporate Plan. The Council's key strategic priorities are:
- economy – building a strong economy;

⁴ Rhondda Cynon Taf CBC: **The Way Ahead – The Council's Corporate Plan 2016-2020**

⁵ Rhondda Cynon Taf CBC: **Report to Cabinet, 10th November 2015 – Medium Term Service Planning – Service Change Proposals**

- people – promoting independence and positive lives for everyone; and
- place – creating neighbourhoods where people are proud to live and work.

The Council has made policy changes to actively invest in areas which it feels support its priorities. For example, the Council changed its policy from shutting leisure centres to investing in them and making them sustainable by increasing income derived from the enhanced facilities.

- 12 The Council is developing its approach to service change in line with the requirements of the Well-being of Future Generations (Wales) Act. The senior leadership team of the Council is promoting a cultural change based on the organisation becoming more focused on: performance, prevention, being more customer centred, investing in the future and taking a longer-term view. An example of this approach is the policy being developed of basing social workers within hospitals to help prevent delays in patients being able to leave hospital.
- 13 The Council has undertaken a number of initiatives in relation to sustainable development. However, sustainable development is not embedded in the service change process. Sustainable development considerations do not form part of the options appraisal papers. The Council recognises that there are opportunities to better embed sustainability considerations in the service change process moving forward.

Governance and accountability arrangements for service change decision making are clear and well understood

- 14 Members and officers are clear about their roles and responsibilities around decision making on service changes. The Council has made changes to its procedures which have made processes more transparent. Under the new scheme of delegation, introduced in July 2016, all members are now notified when a Cabinet Member takes a delegated decision, this provides greater opportunity for timely scrutiny.
- 15 Service changes in frontline services in the Council are supported by specialist officers from finance, human resources and legal services. Officers from frontline services reported positively on the level of support they receive from these specialist officers through the service change decision making and implementation process.
- 16 Where required Equality Impact Assessments (EIAs) are completed for service changes, they are undertaken by a corporate support officer working in liaison with the operational service managers. One of the Council's lawyers will then ensure that the EIAs are reported correctly through the decision making process. There are opportunities to further strengthen the EIA process within the Council by:
- encouraging greater ownership/involvement in the development and use of the EIAs by the operational service managers;

- improving the availability of relevant data to inform the EIAs and to be clearer about specific impacts (the need to strengthen the data to support the EIA process is identified in the Council's Equalities Annual report as an issue);⁶ and
- reviewing the EIAs post service change to see if the impacts that were anticipated were successfully mitigated and/or whether there were any unintended impacts. This would help inform future EIAs.

Options appraisals are well developed and transparent

- 17 We looked at a number of examples of service changes as part of our review, and we found that a range of options, supported by detailed criteria, were considered. The Members we interviewed also felt that the information provided in the reports on options for service change was comprehensive.
- 18 The Council has improved its arrangements to enable the scrutiny and challenge of service change proposals. Following our earlier review in 2015-16, we made the following proposal for improvement, that 'The Council enhance the forward work programme for Cabinet by including details of the purpose and contents of reports, and making the programme accessible to facilitate opportunities for pre-decision scrutiny.'
- 19 The Council has addressed the proposal for improvement, and now publishes the Cabinet forward work programme, on a rolling basis, for the municipal year.⁷ The work programme is reported to Cabinet on a three monthly cycle to allow for regular updates. The work programme is set out in table form and includes information on: what the report is about, the proposed date to Cabinet, the responsible Cabinet Member/officer, whether the report is to be an open or exempt report and whether consultation is to be undertaken prior to a decision being made. To aid transparency, the work programme is also published on the main Cabinet pages on the Council website. The effect of this change on supporting the scrutiny and challenge of service change proposals is demonstrated by the Overview and Scrutiny Committee where Members are now asked to consider any items on the Cabinet work programme that they want to undergo pre-decision scrutiny.⁸
- 20 There are instances where items are considered and decided upon by Cabinet that have not featured in the Cabinet Forward Work Programme. The Council is working to minimise these instances.
- 21 The strengthening of the Council's arrangements for the scrutiny of proposals is also demonstrated in the budget engagement and consultation process. Following

⁶ Rhondda Cynon Taf CBC: **Annual Equality Report 2014-15**

⁷ Rhondda Cynon Taf CBC: **Report to Cabinet, 23rd June 2016 – Cabinet Work Programme 2016-17 Municipal Year**

⁸ Rhondda Cynon Taf CBC: **Minutes of Overview and Scrutiny Committee, 5th July 2016**

a request by the Finance and Performance Scrutiny Committee, the draft budget strategy was submitted for pre-decision scrutiny at the committee meeting on 27 January 2016. This enabled non-executive Members to examine proposals and help shape their development before Cabinet considered the full detail.

- 22 Pre-decision scrutiny is still evolving within the Council but there have been examples of the pre-decision scrutiny of service changes including the work relating to the leisure investment programme and the service change on home to school transport. Scrutiny committees are always involved as a consultee on service change proposals.

The Council has effective consultation arrangements for key service changes and is committed to improving its engagement with stakeholders

- 23 The Council put in place comprehensive consultation arrangements for the service change proposals. The consultation process and materials were agreed by the Council's Senior Leadership Team. The consultation materials provided clear information in an appropriate and understandable format. In addition to the use of the Cwm Taf consultation hub web pages, there was a comprehensive circulation of paper copy consultation materials (over 47,000 copies of the consultation booklet were distributed). The Council also produced a YouTube video to provide an easy to understand introduction to the consultation, showing how people could engage in it as well as providing details of the service change proposals themselves. The consultation was widely promoted in the press and via social media. The Council held 13 engagement sessions. Young persons' versions of the consultation booklet were also developed for use at youth forums and school council sessions, young people were also invited to a youth engagement event at the Council's offices. The questionnaire asked respondents not just for their views on the proposed changes but also what the impact of the service changes would be on them as services users or their family.
- 24 The Council provides sufficient opportunities for Cabinet Members to review the information received from stakeholders as part of the decision making process. In addition to including comprehensive information in the reports to Cabinet, Cabinet Members are also able to view all responses received prior to the relevant Cabinet meeting. The Council can demonstrate that consultation responses are taken into account as part of the decision making process. For example, in the decisions not to go ahead with proposed changes to supported bus routes and single staffed libraries.
- 25 The feedback on the service changes is made available on the Cwm Taf consultation hub website and in the relevant Cabinet report. The Council does not webcast its meetings but the Council tweets the link to the reports and then post a record of the decision for Cabinet and Council meetings. Frontline services also inform service users as part of the service change implementation phase eg direct

information sent/made available at delivery sites ie information about changes to library opening hours, information to young people about changes to the Youth Engagement and Participation Service.

- 26 As well as consulting on specific service change proposals, the Council has also been keen to consult with the public and other interested stakeholders on its general budget strategy and how services are delivered. The Council are looking to be more proactive in engaging with communities and have set up an 'RCT Together' programme to support this approach. The 'RCT Together' approach is looking to get communities involved in helping to meet the challenges around future service provision. Communities have been asked to identify services and assets that they might be interested in running. Once an expression of interest is made the Council will put a project team in place to work with the community/group to help support them to do this. The Council is committed to continuing to develop this approach.
- 27 There is a lack of visibility of the overview and scrutiny committees' forward work programmes and a lack of clarity around arrangements for public involvement in scrutiny. The forward work programme for overview and scrutiny committees currently only exists within the scrutiny meeting papers so is difficult to access by members of the public. The openness and transparency of scrutiny would be enhanced by the Council publishing the forward work programme(s) for overview and scrutiny as a stand-alone document on the website, in the same way as the Cabinet work programme is now published.

The Council is improving its corporate arrangements for monitoring the impact of service changes

- 28 Following our earlier review in 2015-16, we made the following proposal for improvement, 'The Council develop an approach to systematically capture the impact of service changes and use this intelligence to inform future decision making in relation to service change.' The Council subsequently decided that, 'In the future, all major service changes will be reported back to Cabinet and Scrutiny on a six monthly basis for the first year of the change.'⁹
- 29 Scrutiny has already begun to monitor the impact of the service changes and further reviews have been built into the forward work programme. The arrangement for monitoring impact could be strengthened further by the Council setting out, at the point of decision on service change proposals, how the impact of proposed changes is going to be measured and monitored.
- 30 Monitoring of the achievement of projected financial savings arising from service changes takes place via the Council's budget monitoring arrangements. Our report on the Financial Resilience of the Council found that, 'The Council achieved its

⁹ Rhondda Cynon Taf CBC: **Report to Cabinet, 23rd June 2016 – Wales Audit Office Corporate Reports**

2015-16 savings plans in full. This achievement is in part due to the fact that the Council only builds budget savings into its base revenue budget once business cases have been developed, and the relevant details agreed. This approach provides the assurance that the saving will be achieved in-year.¹⁰

The Council has made improvements to its decision making processes to reflect learning from earlier service changes

- 31 The Council has strengthened its arrangements for service change by applying learning from previous service changes. The Council is also learning from the outcomes of judicial reviews in other councils and is using this to improve its processes further. The key learning from earlier service changes was the need to improve communication. This included:
- keeping everyone (both staff and the public) better informed about the service changes. For the second phase of service changes the Council has prioritised improved communication with the public as well as more robust plans for keeping staff affected by the service changes informed.
 - there has been better engagement with young people in the second round of service changes but the Council identifies that this is an area that it wants to enhance further.
 - the Council has recognised the importance of social media. The Council has been more focused on using social media to support engagement and understanding around service change with the public.
- 32 The Council has responded positively to the findings of the earlier Wales Audit Office report into the decision making arrangements in relation to service change and has taken action to address the proposals for improvement.

¹⁰ Wales Audit Office: **Financial Resilience: Savings Planning – Rhondda Cynon Taf County Borough Council, November 2016**

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone : 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru