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PWYLLGOR ARCHWILIO
Dydd Mercher, 5ed Ebrill, 2017

P E C Y N A T O D O L

1.	SWYDDFA ARCHWILIO CYMRU - ADOLYGIAD O LYWODRAETHU DA	A34-2017
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Ystyried adroddiad yr Arweinydd Proffesiynol, Mewnwelededd Corfforaethol.

(Tudalennau 1 - 24)

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

A34-2017

CYNGOR SIR POWYS COUNTY COUNCIL

Audit Committee

Date: 5th April 2017

REPORT AUTHOR: Peter Jones, Professional Lead – Corporate Insight

SUBJECT: WAO Report: Good governance when determining significant service changes

REPORT FOR: Approval

1. Summary

- 1.1 Further to the work of the Wales Audit Office (WAO) in determining assurance that the Council is capable of delivering its priorities and improved outcomes for citizens, the WAO undertook a number of national thematic studies during 2016 including a governance review.
- 1.2 The studies were conducted alongside an additional risk based assessment to ensure the broad criteria of a formal corporate assessment were considered. In addition to the consideration of material off-site, the on-site work was conducted over the first week of November 2016.
- 1.3 Following receipt of an earlier draft, the formal report titled “Good governance when determining significant service changes’ was received on 22nd March 2017 (appendix 1) together with the requirement to complete a ‘WAO Management Response Form’. There were no statutory recommendations but the WAO has indicated 6 proposals for improvement for how the Council’s governance arrangements could be strengthened.
- 1.4 The WAO’s Management Response Form (MRF) has been completed (appendix 2), largely clarifying activity that has previously been agreed and is being implemented. Management Team is reasonably assured that the actions address the proposals for improvement identified in the report and recommend that Audit Committee approve the actions detailed in the MRF.

2. Background

- 2.1 As part of the work in determining assurance that the Council is capable of delivering its priorities and improved outcomes for citizens, The WAO undertook a number of national thematic studies, including a governance review.

- 2.2 The studies were conducted alongside an additional risk based assessment to ensure the broad criteria of a formal corporate assessment were considered. In addition to consideration of material off-site, the on-site work was conducted over the first week of November 2016.
- 2.3 Following initial feedback to the Leader, Chief Executive and Strategic Director – Resources, Management Team prepared an action plan to co-ordinate a measured response to some of the key areas for improvement identified.
- 2.4 The initial action plan was considered by Joint Chairs and Vice Chairs Steering Committee on the 17th January 2017. A further meeting of Scrutiny Chairs, Members of Cabinet and Management Team was held on the 14th February 2017 to consider the actions required to improve the scrutiny function.
- 2.5 The formal report titled “Good governance when determining significant service changes’ was received on 22nd March 2017 together with the requirement to complete a ‘WAO Management Response Form (MRF)’. There were no statutory recommendations but the WAO have indicated six proposals for improvement for how the Council’s governance arrangements could be strengthened by: -
 - P1 Reviewing the current remit and role of the Cabinet to enable it to focus on the Council’s key priorities and significant service changes
 - P2 Clarifying and strengthening the role of scrutiny committees in considering service change
 - P3 Aligning Cabinet and Scrutiny work programmes to include details of forthcoming service change proposals and making them easily accessible on the Council’s website
 - P4 Improving the quality of information and options appraisals provided to Members to enable them to consider the strategic implications of the proposed service changes
 - P5 Clarify delegated authorities, particularly for significant service changes so that decisions are transparent and accountability for them is clear
 - P6 Strengthening arrangements for monitoring the impact of service changes including explicitly setting out at the point of decision what will be monitored, where this will be monitored and who will be responsible for doing so.
- 2.6 Under the guidance of the Solicitor to the Council, the original action plan has been transposed onto the MRF (see Appendix 1 attached) and actions added to address gaps where applicable.
- 2.7 Management Team is reasonably assured that the actions address the proposals for improvement identified in the report and recommend that Audit Committee approve the actions detailed in the MRF.

3. **Monitoring**

3.1 Monitoring progress of the agreed actions will be ensured via the Council's regulatory tracker. The tracker as considered by both the Strategic Overview Board and Audit Committee on a quarterly basis.

4.0 Statutory Officers

4.1 The Strategic Director, Resources (S151 Officer) has made the following comment:

“The Strategic Director Resources (S151 officer) notes the report and welcomes the contribution it makes to improving governance arrangements.”

4.2 The Solicitor to the Council (Monitoring Officer) has commented as follows:

“The recommendations can be supported from a legal point of view.”

7.0 Future Status of the Report

7.1 Not applicable

Recommendation:	Reason for Recommendation:
1. Audit Committee receive the governance report for information and approve the MRF; 2. The Strategic Director – Resources is tasked to monitor progress on delivering the MRF and to provide an update report by 31 st December 2017.	To acknowledge the content of the WAO report and ensure stronger governance arrangements through an effective response

Relevant Policy (ies):	
Within Policy:	Y
Within Budget:	Y

Relevant Local Member(s):	Not Applicable
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Person(s) To Implement Decision:	David Powell, Strategic Director – Resources
Date By When Decision To Be Implemented:	Immediately

Contact Officer Name:	Tel:	Fax:	Email:
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Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

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

Audit year: 2016-17

Date issued: March 2017

Document reference: 167A2017

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

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info.officer@audit.wales.

The team who delivered the work comprised Sara-Jane Byrne and Non Jenkins under the direction of Jane Holownia.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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Given the ambition and pace of its service change programme, there is significant scope for the Council to strengthen its governance arrangements.

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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 communities¹.
- 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 wellbeing 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 Powys 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) 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, 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:

- Meals on wheels service
- Three-weekly waste collection
- Outsourcing the management of Leisure and Sports Centres
- Transfer of sports and recreation facilities to the community
- Library Services
- Modernise the approach to care options in the community
- Pest control

- 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. We also considered other service changes, which were brought to our attention during the course of our fieldwork.
- 7 In this review, we concluded that **given the ambition and pace of its service change programme, there is significant scope for the Council to strengthen its governance arrangements.**

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 could be strengthened by:	
P1	Reviewing the current remit and role of the Cabinet to enable it to focus on the Council's key priorities and significant service changes.
P2	Clarifying and strengthening the role of scrutiny committees in considering service change.
P3	Aligning Cabinet and Scrutiny work programmes to include details of forthcoming service change proposals and making them easily accessible on the Council's website.
P4	Improving the quality of information and options appraisals provided to Members to enable them to consider the strategic implications of the proposed service changes.
P5	Clarify delegated authorities, particularly for significant service changes so that decisions are transparent and accountability for them is clear.

Proposals for improvement

- P6 Strengthening arrangements for monitoring the impact of service changes including explicitly setting out at the point of decision what will be monitored, where this will be monitored and who will be responsible for doing so.

Detailed report

The Council has a clear and ambitious vision and framework for significant service change based around delivering community-centred services and being a commissioning council

- 8 We found that officers and Members had a shared understanding of the Council's strategic vision for service change. The Council is clear that the financial and demographic pressures it faces necessitate a radical change in the way services are delivered. It is exploring different methods of service delivery and its approach to service change is underpinned by its vision to work with communities and to move to become a commissioning council. The Council is also moving to an integrated model of health and social care, and a joint leadership team with Powys Teaching Health Board is in place to facilitate this.
- 9 The Council has outlined its vision clearly within its Corporate Improvement Plan (CIP), which sets out four priorities:
 - remodelling Council services to respond to reduced funding;
 - supporting people within the community to live fulfilled lives;
 - developing the economy; and
 - improving learner outcomes, minimising disadvantage.
- 10 However, we found that as the Council has not yet formally launched the CIP, there is limited ownership of the CIP amongst staff and Members. This contrasted to the significant level of ownership they displayed for the One Powys Plan 2014-17, which is a plan for change between the partners in the Powys Local Service Board. The Council plans to launch its CIP shortly. Whilst there was no specific public engagement on the CIP, the Council undertook public engagement in developing the One Powys Plan with its key partners, which it then used to inform its CIP. We understand the Council developed the CIP as an interim document prior to the publication of its wellbeing objectives, which it intends to publish by the end of March 2017 as required by the Well-being and Future Generations (WFG) Act.
- 11 Commissioning is intrinsic to the Council's vision for service change, and represents a significant shift for both Members and officers in the way the Council manages its services. It also requires a different set of skills and competencies to ensure the Council commissions and contracts effectively. The Council recognises that significant service changes may require investment and its Financial Resourcing Model (FRM) identifies the budget shortfall up to March 2020 and starts to identify the resources and capacity required to deliver service change.
- 12 The Council also recognises it may need to source external support and specialist skills to fill this gap in the short term whilst it develops the skills and competencies of its staff to respond to this change in approach.

- 13 Officers have received general training on commissioning and the Council is facilitating knowledge transfer from its partnership with Northgate to improve officers' skills in commissioning and contracting. The Place Directorate has also arranged specific training to help its officers prepare for a more commercial/commissioning role relevant to its services. The Council has established a commercial services team to support directorate commissioning and contracting plans.
- 14 The Council is developing its arrangements to facilitate consideration of the sustainable development in service change proposals. It has set up an officer Impact Assessment working group and the CIP makes significant reference to the WFG Act, highlighting how priorities are supporting the wellbeing goals.
- 15 The Council's impact assessment process that is undertaken for each proposed service change also incorporates an assessment against the wellbeing priorities. The Council has held officer training to improve the quality of these assessments and there is evidence of increasing member challenge of these assessments. Service improvement plan guidance includes reference to the Act and a number of questions for services to consider when considering service change.
- 16 There is evidence of consideration of the sustainable development principle in a number of the service changes we reviewed including three-weekly waste collections, libraries and community asset transfers. Sustainability is also a standard section of the Council's report template but there is scope for the Council to strengthen this consideration within the reports themselves and to draw on the impact assessments more fully.

Whilst the Council has strengthened programme management of its service changes, its scrutiny and decision-making arrangements are not sufficiently robust to assure good governance

- 17 The Council was criticised by external audit and other regulators for the approach it took to the commissioning of domiciliary care services in 2013 and 2014 and the governance arrangements for this approach. We issued our report **Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited** to the Council in January 2016³. In this report, we concluded that 'in its haste to introduce the new domiciliary care service as quickly as possible, the integrity of the Council's established governance arrangements was compromised. In consequence, the Council and users of the domiciliary care service were exposed to unnecessary risk'. The Council has developed an action plan to address the issues raised in our report, which it is continuing to implement. Cabinet members and senior officers

³ The full report of our **Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited** is available on the Council's website.

were conscious of the failure of the domiciliary care contract and were keen to stress that they were learning from this.

- 18 The Council has a range of governance arrangements in place to inform its service changes and it has strengthened its corporate oversight of significant service changes. The Council has clear project and programme management arrangements to oversee each of its four priorities. For example, in addition to formal meetings such as Council, scrutiny committees and Cabinet, the Council has a Stronger Communities Programme Board with a lead director for each locality, an asset transfer group and a Commissioning and Procurement Board to provide corporate oversight of major projects. Project initiation documents are developed and clearly set out governance arrangements including roles and responsibilities. We found that the Council had used its programme management and governance arrangements effectively for a number of service changes including the introduction of three-weekly waste collections.
- 19 However, although the Council has a range of governance mechanisms to help determine service change, we found that it is not always using these effectively and efficiently to inform its service changes.
- 20 We found some good examples of scrutiny engagement, such as in the proposed residual waste service change. The Council had also set up scrutiny working groups to look at service changes, such as the libraries service change. However, currently, the role of scrutiny in considering service change proposals is unclear and we found that officers' and members' perception of the value and status of scrutiny is limited. The Council does not always provide scrutiny committees with sufficient opportunity to engage meaningfully in the decision-making process when determining significant service changes. For example, scrutiny committees did not have the opportunity to scrutinise the outsourcing of the leisure service, the changes to the meals on wheels service and the decision to set up a trading company to manage the Council's residential homes. Despite these being significant service changes, officers informed us that scrutiny committees were not engaged in the decision-making process relating to these service changes due to a lack of time. The Council identified that greater use of pre-decision scrutiny is an area for improvement in its most recent self-evaluation of its corporate arrangements.
- 21 Cabinet and Scrutiny work programming is not effectively co-ordinated and lacks transparency. The Council does not effectively plan service changes into scrutiny work programmes. This impacts on Scrutiny committees' ability to influence service change in a timely manner and for the public to be aware of future service change proposals. There is confusion amongst officers and members about who is responsible for developing scrutiny work programmes. The Council needs to plan its programme of significant service change better in order to build in time to use its governance arrangements more effectively. It is positive to report that since our fieldwork the Council has now identified those topics that will be subject to pre-decision scrutiny in its updated Cabinet forward work programme, agreed in December 2016.

- 22 Scrutiny chairs are able to speak at Cabinet meetings. However, our observation of Cabinet found that it is unclear to what extent Scrutiny chairs can exert influence on service change decisions at this relatively late stage in decision-making, and their attendance at Cabinet meetings has the potential to blur accountability to members of the public observing. We understand that Cabinet meetings are often time consuming and the Council has not focused meetings sufficiently on key priorities. The Council needs to review and refocus the role of Cabinet and ensure it uses other governance mechanisms appropriately when considering significant service change. The examples we found of effective use of governance arrangements to inform service changes demonstrate that the Council can build on and learn from these for future service changes.
- 23 The Council invested in scrutiny training three years ago but many of the members who had been trained have since moved into Cabinet roles. We believe the Council needs to do more to develop the capacity and capability of its scrutiny function. Although the Council has undertaken training sessions for members on the WFG Act, there has been limited member training/development recently to equip them to focus on service change, for example, on how to understand and challenge options appraisals.
- 24 Some of the decisions to implement proposed service changes that we examined, such as the changes to residual waste collections, were well documented and transparent. However, the decision to outsource the leisure service and award a contract valued at approximately £35 million was taken under delegated powers in line with the Council's Constitution. The Portfolio Holder for Commissioning and Procurement provided an exempt information report to Cabinet on the outcome of the procurement process to appoint a leisure service provider but there was no engagement of the relevant scrutiny committee. A record of the decision to award the contract is also not publicly available.

The quality of options appraisals for significant service change is mixed and information presented to Members is not always timely or sufficient to facilitate strategic decision-making

- 25 Whilst the Council generally considers a range of options for service change, the quality of its options appraisals for significant service change varies. There have been examples of service changes where information provided to members has been comprehensive, such as the three-weekly residual waste collections and libraries and we feel the Council can learn from these.
- 26 However, we also found examples of significant service changes where the quality and level of information provided to Members were limited and there was insufficient consideration of the strategic implications of the options. For instance, the options appraisals relating to changes to the pest control service and to

transferring playgrounds to communities lacked robust financial information. We also found that the options appraisal and report relating to the outsourcing of the leisure service in June 2014 did not include sufficient financial information. In addition, the Council did not produce an updated business case for the outsourcing of its leisure services despite the considerable value of the service, and the significant change in direction from the business case agreed previously. The aim of outsourcing the service was to protect and safeguard services as far as possible. The Council outsourced its leisure services to Freedom Leisure in July 2015, but less than a year later the Council proposed the closure and transfer of some leisure centres to schools in order to achieve additional savings.

- 27 In October 2016, Cabinet considered an exempt report proposing the closure or transfer to schools of three leisure centres. The proposals were on the basis of usage levels and the level of investment needed to maintain the facilities, which we would have expected the Council to consider as part of the previous options appraisal and procurement process undertaken in June 2014. We understand that following consultation with the local areas affected, the Council has now decided not to close some of the facilities and redirect resources to maintain them. Whilst this shows that the Council is responsive to community views, we would have expected the option to retain the facilities to have been included in the exempt Cabinet report in October 2016.
- 28 In September 2016, the Council decided to set up a Local Authority Trading Company (LATC) to manage its residential homes, when its current contract with its external provider expires in April 2017, subject to no issues being identified in the development of the outline business case. In December 2016, the Council rescinded this decision as officers identified potential complications with setting up an LATC and decided to accept a revised offer from its existing provider for the management of its older people's accommodation. We believe, therefore, there is scope for the Council to reflect on the range and robustness of the options considered by Cabinet in September 2016 and to learn from this for future significant service changes. For example, the options appraisal considered by Cabinet in September 2016 did not include the option to renegotiate the terms of its contract with its current provider.
- 29 Options appraisals for proposed service change are reviewed and challenged at a number of levels within the Council including by Corporate Management Team, Cabinet, departmental management teams and through the programme boards. As noted above, the Council's scrutiny committees are not systematically engaged in determining service change proposals but there are some examples of positive engagement of scrutiny in the service change process, which we would encourage the Council to learn from.
- 30 The Council has put in place arrangements for assessing the impact of proposed service changes. However, it recognises that it needs to strengthen these to ensure that they function effectively. The Council's Stronger Communities Programme Board together with directors' responsibility for specific geographical areas, facilitate a holistic overview of the cumulative impact of service changes, for

example, on vulnerable groups. The Council has developed a comprehensive impact assessment tool, which requires officers to consider the impact service changes may have on a number of areas. These include the Council's priorities and factors for risks, equalities, Welsh Language, sustainability, community cohesion and workforce. It also includes an assessment of achievability. However, the Council recognises that the quality of completed impact assessments is variable. Consequently, the Council has strengthened its quality assurance and support arrangements in relation to impact assessments. However, completed impact assessments are also not routinely shared with scrutiny committees when they are considering service change proposals. This limits scrutiny committees' ability to scrutinise the robustness of assessments and understand the anticipated impact of proposed changes.

The Council has well-developed arrangements for engaging stakeholders in service change proposals but these are not always used consistently and effectively

- 31 The Council has a range of arrangements to engage and inform stakeholders regarding service change proposals including its citizen's panel and youth forum. The Council developed stakeholder maps when considering some of the service changes we reviewed and set out how it would engage with these stakeholders. The Council's directors lead engagement with stakeholders within defined localities and we found some positive examples of stakeholder engagement in proposed service changes. This includes changes to the library service and the introduction of three-weekly residual waste collections. Acceptability to stakeholders was also one of the criteria used to appraise the options in the older people's accommodation options appraisal.
- 32 The Council works closely with town and community councils to consider how they can deliver some services. The Council is also working closely with Powys Teaching Health Board as part of a move towards integrated health and social care, which is a key strand of the Council's transformation programme.
- 33 The Council is also able to demonstrate that it is responsive to the views of its communities. For instance, following public consultation, the Council has decided not to proceed with the closure of Knighton Leisure Centre, and has found the necessary funding to keep it open.
- 34 However, the Council does not always consult stakeholders on individual service change proposals. For example, there was limited stakeholder engagement in the outsourcing of the Council's leisure services during 2015 as the Council considered that this was not required, as the nature of the service would not change. In addition, in making changes to its meals on wheels services, there was limited

consultation on the proposed changes, and engagement with users was focused on informing them of the changes rather than seeking their views.

- 35 Information about the Council's proposed or determined service changes is not always easily accessible or publicly available. The Council only publishes Cabinet and Scrutiny forward work programmes within agenda papers rather than as standalone documents. However, in the main, reports relating to service change set out clear recommendations and reasons for the recommendations. The Council publishes decisions of individual Cabinet members on its website but it does not publish delegated officer decisions, which limits the transparency of decision-making. The Council currently webcasts its Council and Cabinet meetings and those committee meetings which it believes have high public interest, but it does not routinely webcast other committee meetings, such as its scrutiny committees. The Council is currently trialling giving members of the public the opportunity to ask the Council questions at its Council meeting. The Council's constitution sets out that the public can get involved in public meetings, including bringing to the attention of the relevant Scrutiny Committee their views on any matter under consideration by that Scrutiny Committee. However, this is not widely promoted on the Council's website.

The Council is improving its arrangements to monitor the impact of service changes but these are not yet being used systematically

- 36 The Council has arrangements to monitor the implementation of service changes, achievement of savings, and service performance but it does not systematically monitor the impact on the public of individual decisions on service changes. The Council is improving its arrangements to develop the necessary skills, capacity and culture to facilitate greater commissioning of services. The Council is also developing a more robust approach to monitor the impact of service changes.
- 37 The Council has a comprehensive impact assessment tool, which it is continuing to develop. The impact assessments are completed for each service change and include a specific section for services to identify how they will monitor impact over time. The service manager, head of service, director and portfolio holder sign off the completed impact assessment, emphasising their accountability for them. However, there is scope for the Council to strengthen its arrangements by including in impact assessments, reports and business cases details of how the Council will monitor and evaluate the impact of service changes. The residual waste communications plan states how the Council will evaluate success of the plan, but this practice was not consistent across all service changes we reviewed.
- 38 Scrutiny does not routinely monitor the impact of service changes but we found some examples where the Council is monitoring the impact of service changes. For example, contract management meetings take place to monitor the performance of Freedom Leisure, which runs the Council's leisure services, and the Place Scrutiny

Committee received Freedom Leisure's first annual report in October 2016. Our observation of this Scrutiny Committee found that members asked some focused and challenging questions of Freedom Leisure. However, although the presentation had been provided at the request of the Scrutiny Committee, the committee was not provided with sufficient background information from officers to maximise this opportunity. For example, a covering report setting out the objectives of the contract and the arrangements in place to oversee the performance of Freedom Leisure was not provided to the Scrutiny Committee.

- 39 We found some examples where transition arrangements for service changes have been well planned and monitored. This included the development of a clear project and communications plan for the introduction of three-weekly residual waste collections and well-planned transition arrangements for changes to the meals on wheels service. The Council uses project highlight reports to provide a progress update on implementing agreed service changes, which programme boards and departmental management teams monitor.

The Council is learning from previous service change although it recognises that further action is needed to improve the effectiveness of its decision making arrangements

- 40 The Council has improved aspects of its governance arrangements for delivering and determining service change following its experience of previous service changes. As part of its corporate planning cycle in 2016-17, it evaluated the effectiveness of its decision-making arrangements and through this identified that it needs to improve opportunities for greater pre-decision scrutiny. The Council is continuing to implement its action plan following the domiciliary care experience and has strengthened its impact assessment process and its programme management arrangements for its significant service changes.
- 41 The Council is undertaking a significant amount of service change, which necessitates strong governance and robust decision-making arrangements to ensure it manages risks effectively. As the Council's financial pressures have increased and the pace of service change has heightened, our review has found that the Council has not always used its governance arrangements effectively to provide necessary checks and balances.
- 42 We do not yet have assurance that the Council's governance arrangements for service change are sufficiently robust to help it deliver its vision. We believe there is significant scope for the Council to strengthen its governance arrangements so that it does not take decisions in haste or without robust information. The Council also needs to plan its service changes more effectively to build in time to make effective use of its governance arrangements.

- 43 We will continue to monitor the Council's progress in addressing our concerns and proposals for improvement, particularly as it embarks upon its major service change in highways, transport and recycling.

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Management Response

Local Authority: Powys County Council

Issue date: March 2017

Report title: Good Governance when Determining Significant Service Changes

Document reference: 243A2017

Ref	Proposal for Improvement	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
The Council's governance arrangements could be strengthened by:							
Pudalen 21	Reviewing the current remit and role of the Cabinet to enable it to focus on the Council's key priorities and significant service changes.	Cabinet is more efficient in focusing on the key priority areas of the Council.	Yes	Yes	G3 Amend Council Constitution to support strategic decision making by Cabinet and Pre-Scrutiny	07/03/2017	Democratic Services Committee / Cabinet / Joint Chars (Clive Pinney / Steve Boyd / Wyn Richards)
		G6 Elected members understand their respective executive and scrutiny roles with cabinet portfolio holders understanding their remit and relationship with officers of the Council. Officers of the Council fully			G6 Produce and implement a development programme to improve strategic decision making, scrutiny and inter-member working.	Autumn 2017	Jeremy Patterson / Clive Pinney

Ref	Proposal for Improvement	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
Tudalen 22		understand the role of the cabinet as a strategic decision making body and the need for objective pre-scrutiny of key decisions and objective enquiry and challenge of performance and decision making. Elected members understand and respect their respective roles, the roles of officers and the chairing of meetings					
		The authority is able to measure the impact of delegated decisions on cabinet capacity through KPIs (Number of reports received / Number of reports that went to delegated decision / Number of reports that went through Cabinet)			The Cabinet Manager, together with the Section 151 Officer and the Monitoring Officer will consider all reports and make a recommendation to the Leader / Portfolio Holder as to whether a delegated decision is more appropriate.	Ongoing	
		G5 Cabinet working groups are informed by and consider comment and feedback from scrutiny and audit.			G5 Cabinet and Joint Chairs to review working and terms of reference of Strategic Overview Board and Corporate Commissioning and Procurement Board.	28/02/2017	Cabinet / Joint Chars (David Powell / Clive Pinney)
P2	Clarifying and strengthening the role of scrutiny committees in considering service change in order to encourage and promote public involvement.	Scrutiny Committees have a clearly defined role and an opportunity to challenge and scrutinise service change proposals. G4 Ensure that there is objective pre-scrutiny of the commissioning decisions relating to Highways, Transport and Recycling See G6	Yes	Yes	G4 Pre-Scrutiny of major decisions – increase the use of pre-scrutiny, particularly on strategic items. To be identified by Joint Chairs in consultation with Senior Officers. Access scrutiny expertise from other organisations where required, and use this as a learning process. See G6	Ongoing requirement 01/03/2017 Autumn 2017	Chair of Place Scrutiny Committee / Clive Pinney Wyn Richards Jeremy Patterson / Clive Pinney

Ref	Proposal for Improvement	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
		G7 The Council is informed as to the resources and capabilities required to ensure effective decision making, and to develop scrutiny so that it makes an effective contribution to corporate governance.			G7 Review the current resources and capabilities supporting scrutiny, democratic services and performance management.	TBC	David Powell
P3	Aligning Cabinet and Scrutiny work programmes to include details of forthcoming service change proposals and making them easily accessible on the Council's website.	To maximise the role of Cabinet and Scrutiny committees and to improve transparency.	Yes	Yes	G2 Review and develop the Cabinet Work Programme and Scrutiny Work Programme	Ongoing	Clive Pinney / Steve Boyd / Wyn Richards
		G2 The Cabinet Work Programme contains sufficient detail and clarity that enables the Organisation to meet the principles of good governance by demonstrating robust scrutiny of key decisions.			The scrutiny work programme will be placed on the website asap	30/06/2017	
P Tudalen 23	Improving the quality of information and options appraisals provided to Members to enable them to consider the strategic implications of the proposed service changes.	Members make informed decisions based on availability of comprehensive options appraisals.	Yes	Yes	Improve the quality of the data provided to ensure well-informed business cases and robust options appraisals.	TBC	All HoS
					Improve the pre-scrutiny of robust option appraisals - see G4	Ongoing requirement	
					Greater emphasis on the need for information and options appraisals to be written in language that can be more easily understood.	Ongoing	All HoS
					Consideration of including Executive Summaries where it is appropriate to do so.	Ongoing	All HoS
					Consideration of additional training for both members and officers, with particular emphasis on the development of option appraisals and business cases for change,	TBC	All HoS

Ref	Proposal for Improvement	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
		F1 Medium Term Financial Strategy is supported by effective planning and project management.			F1 Effective savings plans for all MTFS commitments.	In place	David Powell / Jane Thomas
P5 Tudalen 24	Clarify delegated authorities, particularly for significant service changes so that decisions are transparent and accountability for them is clear.	To improve transparency and accountability.	Yes	Yes	A review of the current system of delegation and the recording of decision is being undertaken and thereafter a new / amended regime will be put in place with a view to ensuring greater transparency.	30/06/2017	Clive Pinney / Debby Jones
					The need to provide a written record of each decision (and the reason for the decision) in matters where there is significant service provision change is being re-emphasised.	Ongoing	Clive Pinney
P4 Tudalen 24	Strengthening arrangements for monitoring the impact of service changes including explicitly setting out at the point of decision what will be monitored, where this will be monitored and who will be responsible for doing so.	To strengthen and improve the transparency of impact monitoring arrangements to facilitate a greater understanding of the impact of service changes.	Yes	Yes	This is aligned with the actions under P4 above. A new report template is being developed to indicate where scrutiny of a report has been undertaken and an additional section will be added to the template to ensure that the issue of monitoring the impact of service changes and identify is addressed on the face of reports and to identify the person responsible for undertaking the monitoring and the timescale in which such monitoring should take place. The agreed monitoring regime will automatically feed into the cabinet forward work programme.	Ongoing	All HoS