Good Governance when Determining Significant Service Changes – **Neath Port Talbot County Borough Council**

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Summary report

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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 Neath Port Talbot 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 in December 2016, to inform our assessment of the Council's overall arrangement for developing and

[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**

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:

- amendment to opening hours of civic amenity sites;
- community asset transfer of a sports facility and grounds;
- community asset transfer of a Community Centre; and
- remodelling of Adult Social Services – development of Community Integrated Care.

6   We did not look in detail at each of the individual service change decisions, but used them as examples of how the Council makes decisions on service changes.

7   In this review we concluded that the Council's governance arrangements for service change are proportionate to their scale and complexity but evaluation of their impact is inconsistent.

Proposals for improvement

The table below sets out our proposals for improvement.

Exhibit 1: proposals for improvement

Proposals for improvement
P1   The Council should further develop guidance for officers to reinforce what is required in terms of conducting and reporting options appraisals on service change proposals and other information.
P2   The Council should set out arrangements for monitoring the impact of service changes at the point of decision.
P3   The Council should strengthen its systems to ensure monitoring reports requested by scrutiny committees are routinely provided.

Detailed report

The Council's governance arrangements for service change are proportionate to their scale and complexity but evaluation of their impact is inconsistent

Decisions are guided by corporate priorities, informed by local needs and made within available resources

8   At the time of our review, in November 2016, the Council had six corporate improvement priorities in its Corporate Improvement Plan (CIP) 'Rising to the Challenge':

- Safer Brighter Futures
- Better Schools Brighter Prospects
- Improving Outcomes Improving Lives
- Prosperity for all
- Reduce Re-use Recycle
- Digital by choice

9   Service changes and withdrawing from the provision of some services are an underlying feature in the Council's plans to achieve a balanced budget.

10   Since 2010, the Council has made savings of some £59 million, in real terms, from its revenue budget and has reduced its workforce by 20% by a combination of voluntary redundancies and a transfer of functions. The Council's Forward Financial Plan (FFP) is the main planning vehicle. This sets out the financial implications of savings plans to achieve a balanced budget. There are clear links between the FFP and the CIP to ensure that the allocation of resources reflects corporate priorities.

11   As in previous years, the Council ran an extensive consultation and engagement exercise on its proposed budget savings and draft improvement objectives for 2016-17 prior to adopting its budget and developing its savings strategy. The engagement process involved a wide range of stakeholders including the business, voluntary and public sectors, trade unions, the media, and town and community councils. It also engaged with service users on specific service provision.

12   The Council recognises it has more to do to embed its wellbeing objectives into its corporate framework under the Well-being of Future Generations (Wales) Act. It has agreed draft policies and is ensuring that its new 2017 Corporate Plan will integrate with and help support delivery of the all-Wales wellbeing objectives.

The Council has a clear programme management approach to governing significant service change proposals but arrangements for lower risk proposals are less formalised

13   The Council has made many significant service change decisions in the past including transferring its housing stock to a registered social housing landlord, transferring management of its residential care homes to an external provider and transferring its leisure service to a not-for-profit Trust. Some other services, such as the Council-operated tourism service have ended.

14   These significant service change decisions are undertaken within a corporate programme management framework. This framework is used for larger-scale service change proposals where the level of risk is considered by the Corporate Management Team to be sufficiently high.

15   The Council's Annual Governance Statement (AGS) for 2015-16 describes its governance arrangements and the controls used to manage the risks of failure to achieve strategic objectives. The AGS recognises there are some areas where progress has been slow because of the reduction in officer capacity after sustaining four cycles of voluntary redundancies and early retirements. The AGS states that, 'we also use programme and project management tools to support the implementation of change across the Council where the use of such tools is efficient and effective'.

16   The Council has programme management arrangements to oversee significant change in service delivery models in Adult Social Services. Specific activities relating to this programme are included in quarterly highlight reports for each corporate priority. The Council's Corporate Directors' Group acts as the over-arching programme board and reviews these highlight reports. The reports are also submitted to the relevant Council Overview and Scrutiny Committee. The reports describe progress against each outcome. An example is 'Pathways to Independence', which covers various new delivery models to integrate community health and social care with the aim of 'Improving Outcomes Improving Lives'.

17   Other service change proposals are developed at directorate level outside of the formal programme management framework. The Council wants this approach to be flexible and therefore more effective in terms of speed of decision making and less onerous calls on officer and member time.

18   The Council's Constitution clearly sets out the different, but complementary, roles of councillors and officers, including legal, financial and monitoring officer responsibilities. Through our interviews with Cabinet and scrutiny members we concluded that they have a good understanding of their roles and made it clear that joint working between cabinet and senior management was effective. There is mutual trust and respect but also a willingness to challenge.

The range of information provided to decision makers when determining service change proposals varies and does not always include details of alternative options

19   The Council's main driver for service change has been maintaining a balanced budget while managing increasing demands made on many services. This is against a background of a shrinking budget and economic uncertainty.

20   Due to the various types of service being provided, or overseen, by the Council, service change decisions vary in complexity. We found that the range of information provided prior to decision making varied. This is demonstrated in the following four examples:

- the Council's Corporate Directors Group/Programme Board sought approval from the Social Services Health and Housing Cabinet Committee to consult upon new models for Day Care Opportunities. This proposal was governed by a programme management approach. The report did not attempt to influence Cabinet by recommending a preferred option. The options presented were to retain the status quo, transfer to community management and ownership or develop a community integrated model. The report was transparent as it included detailed analysis of the outcomes from the consultation it had undertaken to inform the proposals. In addition, results from Equality Impact Assessments (EIA) were available via the consultation portal in the members' library.

- as part of the Council's ongoing savings programme, the Director of Education, Lifelong Learning and Leisure proposed in his report to the Economic and Community Regeneration Cabinet Board to review the current stock of 11 Community Centres or Community Education/Enterprise Centres. The intention of the report was wide ranging, presenting various options for each centre, opportunities to redefine the purpose of the whole service and take a holistic view of community provision to maximise usage and minimise subsidy. This review did not adopt a programme management approach, yet the data provided was detailed and transparent. The report set out three options, namely to withdraw all funding, rationalise existing service provision on an asset-by-asset basis dependent on condition/maintenance, services provided and take-up, (preferred), or outsource management of the service.

- to manage a complete budget withdrawal for maintenance and repair of all sport grounds and facilities, a joint report of the Director for the Environment and Head of Legal Services to the Environment and Regeneration Cabinet Board recommended to grant a lease to the trustees of a local rugby club. This proposal did not adopt a programme management approach. The Cabinet decision was based on advice from the Property and Regeneration Department and the Legal Service, with the desired outcome that the proposal would not lead to the loss of any open space and would secure the

future use of playing fields. The data presented to support the decision included outcomes from a public notice of the sale, the length of the lease and annual rent. There were no options presented in the report nor any mention of associated savings, so it is unclear if other options were considered.

- a report was made by the Head of Streetcare to the Environment and Highways Cabinet Board to consider opening hours of Household Waste and Recycling Centres (HWRCs) to manage budget pressures and to bring the centres opening hours into alignment with neighbouring authorities. This proposal did not adopt a programme management approach. There were no options presented in the report nor any reflection of the potential impact on the directly related Corporate Priority, 'Reduce Reuse Recycle', although anticipated savings of £35,000 in year 1 and circa £41,000 per year thereafter were clearly recorded.

21 The Council has adopted a reasonable approach to decision making in relation to service change using programme/project management techniques where the scale and potential impact mean it is most efficient to do so. This flexibility has however meant that the range of information presented is variable. Developing a 'checklist' to guide all service change proposal reporting would enable:

- managers to better understand the range of information to be provided to adequately support service change proposals; and

- members to know the range of information they should reasonably expect to assist them in making service change decisions.

The Council engages with stakeholders in an appropriate manner and scrutiny committees routinely provide challenge to service change proposals

22 The Council engages with service users in an appropriate manner, using a variety of different approaches with evidence of stakeholder participation. For example, in order to assess the potential impact of proposed changes to its stock of 11 Community Centres or Community Education/Enterprise Centres, the Council conducted a structured consultation. This included an extensive review of the existing community centre operation combined with a series of public meetings across the County Borough. The public meetings were held in community centres affording the opportunity for service users to listen to the service change options under consideration and to provide feedback directly to the responsible officers. The public meetings were reported as being very well attended and provided an indication of the strength of feeling held within the community.

23 The Head of Service for Waste and Streetscene put forward a proposal to reduce opening times of the Council's Household Waste and Recycling Centres in order to align the Council with neighbouring authorities and to realise savings. During June

and July 2015 an online and site-based consultation process was undertaken with residents who use the Council's Household Waste and Recycling Centres.

24   Further examples of service change consultation include:

- public notice of the proposed sale of the site at the Talbot Memorial Park was placed on Friday 6 March and Friday 13 March with a closing date for objections of 20 March.

- seeking advice from the Older Persons' Commissioner on her expectations of how the human rights of older people can be met when closing care homes. A variety of mechanisms for responding to the consultation were made available to ensure that respondents could submit feedback via their preferred channel including: online, paper forms, email, telephone, meetings and social media.

25   The expected role of Overview and Scrutiny Committees is documented in all Council reports, which includes the need to promote innovation by challenging the status quo and thereby encouraging different ways of thinking and options for service delivery.

26   Pre-decision scrutiny supports effective assurance and challenge with evidence that Overview and Scrutiny Committees have influenced decisions, for example, in relation to recommending delaying decisions on Civic Amenity sites until completion of an Equality Impact Assessment (EIA). Information available to Overview and Scrutiny Committees is generally of sufficient detail and timely. However, the Civic Amenity site is an example of the need to ensure a standard range of information is included in all reports to improve the decision making processes. This would include the outcome of an EIA or explanation of why one was not considered necessary.

27   There are many examples of scrutiny challenge of information presented in committee reports supporting proposals for service change, for example:

- Civic Amenity sites – Environment and Highways Scrutiny Committee Members highlighted that some residents had indicated that they would prefer the sites to be open later as it offered greater flexibility, especially for those that worked. Officers informed them that they recognised this issue, however, reduction in costs had to be made.

- Community Centres – Economy and Community Regeneration Scrutiny Committee Members asked officers what assurances would be in place should a third party take over a community centre. It was confirmed that leases would be sufficiently long enough to make it attractive to take over. Members raised concerns in relation to sub leasing once a third party had taken over a facility. It was confirmed that this would not be an issue as the Council would still retain the overarching agreement and still have control.

The Council learns from its decision making processes but it is not clear how the impact of future service change decisions will be evaluated

28   The Council demonstrates an ability to learn from its decisions, but recognises the need to review the effects of its decision making. For example, in relation to the remodelling of Adults Social Services, a report of the Director of Social Services to the Social Care, Health and Well Being Cabinet Board suggested that a formal review of the service changes as part of the Community Integrated Model be undertaken. This included external advocacy support to seek people's views on how they view the new remodelled service as well as capturing the experiences of operational staff. The report concluded that for future service re-modelling, external advocacy will be commissioned to support individuals directly affected by change.

29   The Economy and Community Regeneration Scrutiny Committee noted that within the EIA arising from the Review of Community Centres it stated that the proposals would adversely affect the elderly and asked what mitigation is planned to reduce any negative effects. Members of the Scrutiny Committee requested update reports on the impacts on this protected group of any changes arising from the proposals. These update reports were not available on the Council's website.

30   Further, the EIA supporting this decision to reduce civic amenity site opening hours made reference to the need to review the impact of the reduction in opening hours in six months' time. There is no record of this review having taken place/being reported to Cabinet Board/Scrutiny and there is no obvious means by which this could be tracked.

31   The Council's performance reporting systems do not always explicitly reference any potential impact of a service change decision on performance. This would assist the Council in better understanding the impact of service change. The remodelling of Adults Social Care is overseen by the Council's programme management framework. This means it is subject to quarterly highlight reports and regular programme board updates. In contrast, our review of the Council's performance reports among the Council's cabinet board papers has indicated that any correlation between the impact of other service change decisions on performance is not being reported. For example the Council's performance reports have not made a connection between the reduction in civic amenity site opening hours and levels of recycling and composting. It is therefore unclear whether this has had an influence on the Council's overall target or even if it did not, this has not been explained.