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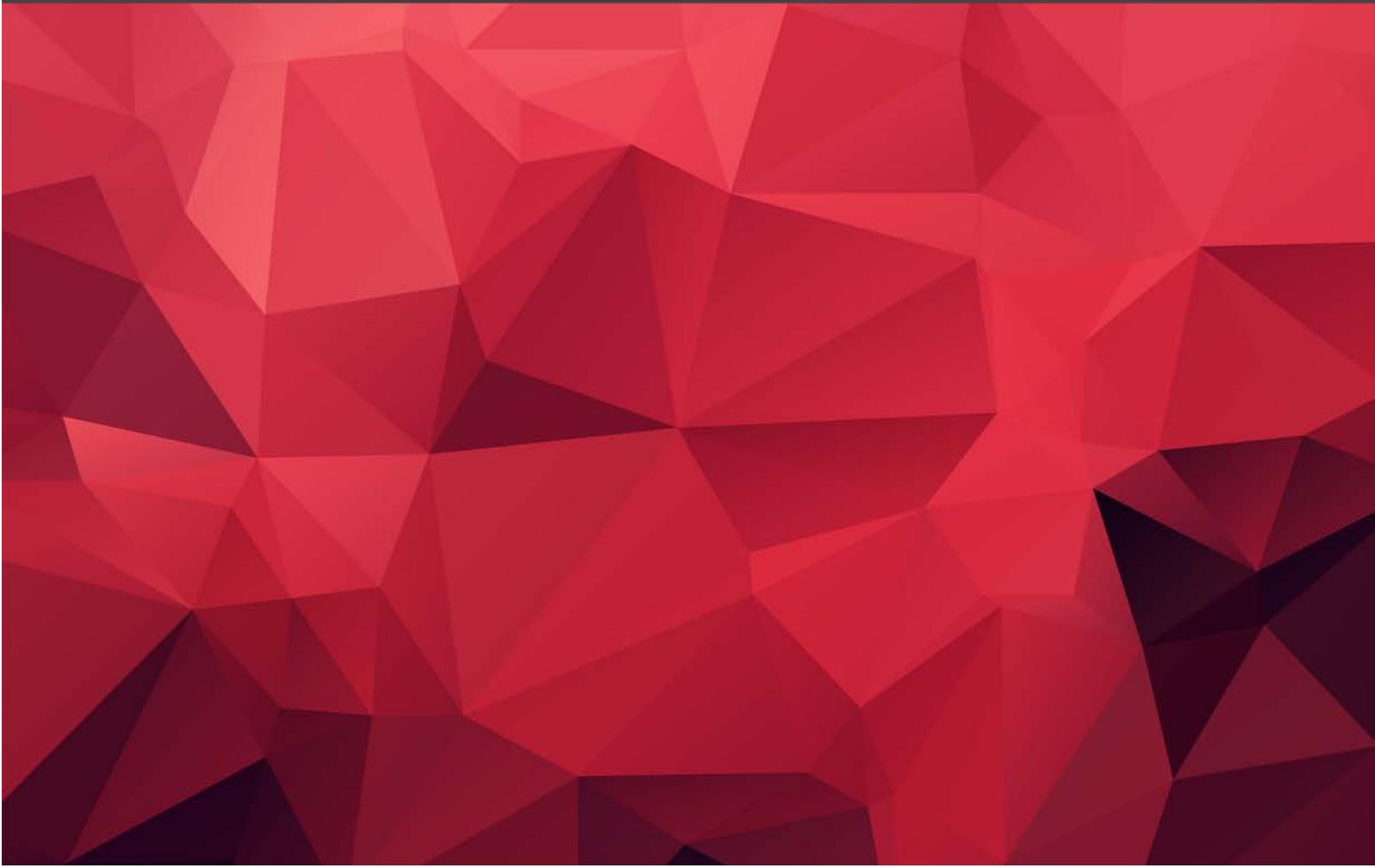
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# Good Governance when determining significant service changes – **Denbighshire County Council**

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The team who delivered the work comprised Gwilym Bury 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'.<sup>1</sup>
- 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 (WFG Act) and associated Statutory Guidance. The Statutory Guidance states that: 'Together, the seven well-being goals and five ways of working provided by the WFG 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'.<sup>2</sup> This legislation emphasises the importance of effective governance in achieving well-being goals.
- 4 The focus of this review is on the effectiveness of Denbighshire County Council's (the Council) governance arrangements for determining service changes. We define service change as any significant change in delivering services and/or any significant change in how services are experienced by external service users. Changes could include the way the service is delivered, the level of service provided, the availability of the service or the cost of the service.

<sup>1</sup> CIPFA/SOLACE, **Delivering Good Governance in Local Government: Framework 2007**

<sup>2</sup> Welsh Government, **Shared Purpose: Shared Future, Statutory Guidance on the Well-being of Future Generations (Wales) Act 2015**

- 5 Taking the Chartered Institute of Public Finance and Accountancy's (CIPFA) revised framework for **Delivering good governance in local government** as an appropriate standard, this review provides the Council with a baseline, from which to plan further improvement. In this assessment, undertaken during the period September to November 2016, to inform our assessment of the Council's overall 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 of service changes we looked at included:
- revenues and benefits service;
  - charging for garden waste collection; and
  - welfare rights service review.
- 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. In addition, we observed a number of annual internal service challenges where senior officers and lead councillors reviewed the impact of a number of service changes.
- 7 In this review, we concluded that **the Council has a clear framework and sound governance arrangements for determining significant service changes but evaluating the impact of service changes is not always timely.**

## Proposal for improvement

### Exhibit 1: proposal for improvement

The table below sets out the area for improvement identified in our review.

Proposal for improvement	
P1	The Council's governance arrangements could be strengthened by consistent, timely monitoring of the impact of each significant service change.

# Detailed report

## The Council has a clear framework and sound governance arrangements for significant service changes but evaluating the impact of service change is not always timely

### The Council's vision and strategy provides a clear framework to shape and drive significant service changes

- 8 The Council has a clear vision and strategy for service change proposals linked to its well-articulated priorities set out in its 2012-2017 Corporate Plan and most recent improvement objectives. They are:
- developing the local economy;
  - improving performance in education and the quality of school buildings;
  - improving roads;
  - vulnerable people are protected and are able to live as independently as possible;
  - clean and tidy streets;
  - ensuring access to good quality housing; and
  - modernising the Council to deliver efficiencies and improve services for customers.
- 9 Proposals from officers for service changes all have to demonstrate their relevance to the Council's corporate plan objectives and how their implementation will contribute to the outcomes set out within the plan. The service changes in Denbighshire that we examined have clear links to the corporate plan objective of 'modernising the Council to deliver efficiencies and improve services for customers'.
- 10 The Council is implementing a number of alternative forms of service delivery including partnership services with the private sector and shared services with other local councils and the third sector, such as a common housing allocations scheme with local housing associations. In the service changes we examined, such as the transfer in 2015 of revenues and benefits staff to a new partnership with a private company, there is a comprehensive business case which sets out how the transfer demonstrates value for money, would generate additional income, and maintain existing performance with reduced resources. We reported in our last annual improvement report that the Council reviewed a wide range of possible options for alternative leisure service providers, held 14 stakeholder workshops and completed a detailed cost benefit analysis, including local market comparisons. This work provided the Council with detailed information about performance and customer satisfaction on each of its leisure facilities. The work has also allowed it to develop detailed operational plans for individual leisure

facilities to deliver its aim of making services both self-funding and central in improving the health of residents living in Denbighshire.

- 11 The Council is revising its governance arrangements for service changes to address the requirements of the WFG Act. For example, the Council has revised its constitution and its report format for committee papers. In addition it has reviewed systems to reflect WFG guidance in internal audit, workforce planning, asset management, risk, public engagement, financial and business planning. It is developing an online Well-being Impact Assessment toolkit to assist it in addressing the requirements of the WFG Act, including an impact assessment of service change proposals, but the Council acknowledges this toolkit is still subject to further work and improvements.
- 12 The significant service changes that we looked at were subject to public consultation with the Council inviting comments from residents, staff, town and community councils and other stakeholders. In addition to more traditional approaches such as public meetings and residents surveys, the Council tries to engage through online surveys and a series of citizen meetings (county conversations). The Council also engages with citizens in dialogue about specific issues such as the county conversation on 'planning the future' aimed at shaping ideas for future service changes where the agenda was set to gather citizen views about:
  - what is working well for you now in your local community?;
  - your hopes and aspirations for the future;
  - how we can build on what is working well now and make this future a reality?; and
  - what might get in the way of these things happening.
- 13 In addition to county conversations, the Council has established six Member Area Groups (MAGs), which each cover a small group of co-located wards. These operate at a local level to address specific local issues. The six MAGs have been allocated funding so that local councillors can assign funds to specific projects proposed by citizens in the constituent wards. This approach was praised by councillors and officers of the Council during our review.

## Accountability and governance arrangements for councillors and officers considering significant service changes are clear and well understood

- 14 The Council's current arrangements appear to work well when considering service change. A relatively low proportion of the work of scrutiny committees takes the form of pre-decision scrutiny where committees consider issues before they reach Cabinet for decisions to be taken. However, a number of scrutiny task and finish groups, such as the Cutting the Cloth task and finish group, consider efficiency savings and other service changes. The use of pre-decision scrutiny helps the

Council to ensure that the decisions involve councillors in a timely way to inform and facilitate decision-making.

- 15 The roles and responsibilities in relation to significant service changes for the monitoring officer and Head of Legal, Democratic and HR services are set out clearly in the constitution. The Council updated its constitution in July 2016 and roles of councillors and officers are clearly set out and have regard to the CIPFA and Welsh Local Government Association guidance.
- 16 Since 2015 a corporate framework was established for considering alternative service providers and subsequent monitoring and governance arrangements and the relevant service changes we looked at followed this framework. The framework sets out clearly the requirements for having relevant guidance in place, the arrangements for considering and implementing changes, the roles of those involved, the monitoring and governance arrangements, as well as the necessary legal components and the minimum levels of monitoring required depending on the value of services provided.

## The challenge by councillors of new service delivery options and proposals is robust

- 17 The service changes that we examined had undergone robust systematic reviews of options of alternative means of service delivery. All of the service changes we examined had comprehensive business cases which discussed a range of options and the associated costs of alternative proposals and included an informed assessment of the anticipated impact on service users of different options. In addition to the work of councillor task and finish groups on service changes the Council's service challenge arrangements continue to provide councillors and managers with comprehensive and detailed position statements drawing on the available performance data and on the progress of major projects. Senior staff and councillors subsequently challenge the service's position statement on service changes and allow officers to set service performance in the context of known risks, and to narrow the focus of the subsequent challenge meeting to those matters that are most relevant.
- 18 All significant service change decisions are reviewed by the relevant scrutiny committee and then Cabinet although more controversial service changes such as changes to residential homes are debated at full Council. The proposed service changes to residential homes have been modified following proposals from scrutiny committee and task and finish groups.
- 19 All decisions on service change are fully and accurately recorded in a timely way and written minutes are available on the Council website. Council scrutiny and Cabinet meetings are at present not webcast but the Council has plans to consider introducing this as part of its transformation of the Council chamber and the purchase of new webcasting equipment.

## The Council actively engages with stakeholders to inform decision-making and is committed to widening involvement to better reflect the diversity of Denbighshire

- 20 The significant service changes that we examined showed that the Council spent a considerable amount of time on engagement work, focusing on residents, stakeholders, staff and councillors. This helped identify priorities to address the needs and concerns of communities. Some of the key activities the Council undertook as part of the consultation and engagement work which informed service changes included:
- biannual residents' survey;
  - workshops with service users;
  - consultation with external stakeholders;
  - staff workshops; and
  - workshops with councillors to consider the conclusions from engagement.
- 21 Consultations on service changes are well publicised by the Council, both on its website and through a range of other publicity in Denbighshire. Where proposed service changes are potentially controversial such as changes to in-house care services the Council undertook over several months a number of well-publicised public meetings and a high number of meetings with service users, trade unions, staff and other key stakeholders. Agendas and papers about service changes are easily accessible on the Council's website.
- 22 There is a consultation page on the Council's website which explains what is happening with current and closed consultations. The Council's resident newsletter **Denbighshire County Voice** reports back on consultation exercises and how decisions are taken on service changes.
- 23 Although the Council's engagement activity on service changes, such as leisure services or on in-house care services, is of a high standard no service change we examined could comprehensively demonstrate to have engaged with people from all the protected characteristics as set out in the 2011 Equality Act.
- 24 The Council is committed to widening involvement to better reflect the diversity of Denbighshire. In 2016 the Council approved a new Strategic Equality Plan for the period 2016-2018. The new equality plan recognises that more work is required to meet the seven goals of the WFG Act including the equality goal. As part of this approach, a Denbighshire Equality Forum will be established with participants from all of the groups with protected characteristics. The Council will, through the forum, be developing a new improved approach to equality impact assessments.

## The Council monitors service performance and evaluates the impact of individual service change, although at times this is not always timely

- 25 The Council's updated 2016 constitution sets out who is responsible for monitoring the impact of service changes. The service changes we looked at were often internally monitored through the Council's Modernisation Board comprising senior officers and councillors.
- 26 The planning of transition arrangements for service changes are clear and there is no evidence in the service changes we looked at that during the transition period services to the public declined. For example, the transfer of revenues and benefits service did not lead to any decline in the speed of benefit payments to the public. The service changes we looked at achieved the anticipated levels of savings, such as the introduction of charges for the collection of garden waste.
- 27 The business cases of all the service changes we looked at set out requirements for monitoring arrangements through scrutiny and usually review by internal audit. Arrangements for the public reporting of the impact of service changes rely on the scrutiny process. However in at least one case and at the suggestion of councillors, scrutiny was not carried out for a significant period after the change was implemented. In April 2015 the Council implemented the transfer of the revenues and benefits service to a new partnership with a private company. The Council intended scrutiny to review the impact of the changes after 18 months. However, this review did not take place until 2017 some two years after the change took place. Undertaking the review this late could mask issues and prevent or delay the Council taking action to address the problems identified.
- 28 Internal audit reports on service change that indicate low or no assurance are publicly considered by the Corporate Governance Committee. The Council is now increasing the opportunity for public scrutiny of all internal audit reports by providing the Corporate Governance Committee with a short summary of the findings of all reports.

## The Council proactively reviews and improves the effectiveness of its decision-making arrangements

- 29 The Council's Annual governance statement review is comprehensive and reviews decision-making arrangements in the light of experience and recommended good practice. The Council's Corporate Governance Committee plays an appropriate role in ensuring that there are suitable processes in place for the identification and management of risks to assist with its role and the development of the annual governance statement. The annual governance statement sets out clearly how risks are managed and monitored, and there are processes to capture new accepted risks. The Council takes action to address any identified weaknesses in decision-making arrangements. For example, as a result of weaknesses identified by internal audit in the procurement of ICT the role of the ICT service in procurement is now set out clearly in the Council's constitution.
- 30 The Council recognises the importance of managing risk and a Corporate Risk Register with supporting guidance is in place. Key risks including significant service change such as proposals on residential homes are identified and assessed as high, medium or low. The Council has approved a Risk Management Strategy and Corporate Risk Register and has regard to it when allocating resources. Cabinet has agreed that it should consider updates to the Corporate Risk Register every six months. Individual service areas produce their own risk registers, which they consider alongside their service improvement plans.
- 31 Furthermore, risk management is seen as a high priority in all service areas. The process for monitoring how each service area manages its risks is consistent and accountability arrangements are clear. Risks are well managed on large individual projects and are directly managed by the head of service if it is considered that there is an additional greater corporate risk. All decision-making is documented, including where it is decided not to include low-level risks in the registers.

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