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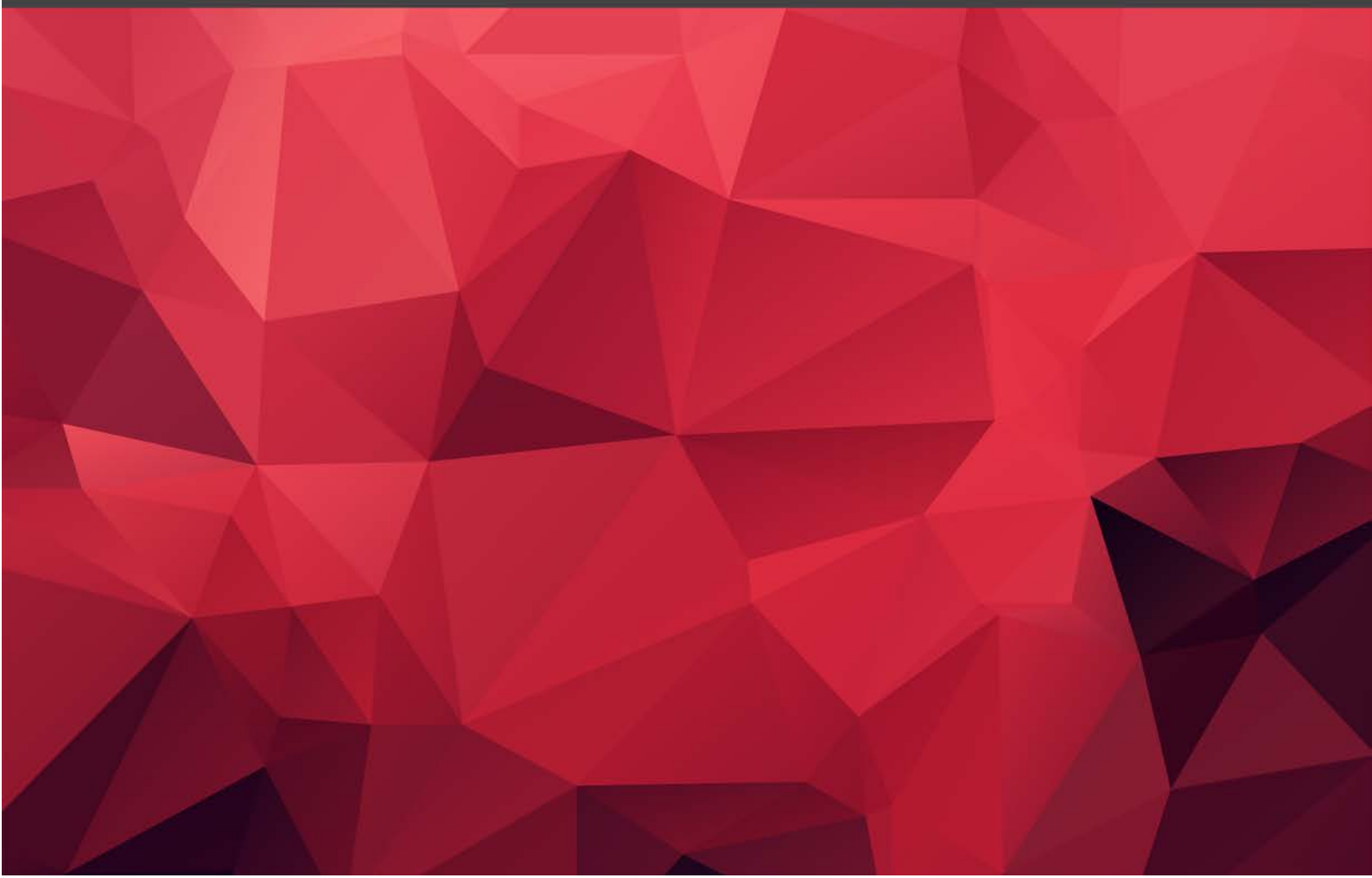
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# Good Governance when Determining Significant Service Changes – **City of Cardiff Council**

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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 (the 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 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 the City of Cardiff 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, 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> Source: **Delivering Good Governance definition: 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:
- revised Waste Strategy;
  - Alternative Delivery Model (ADM) for Cardiff International Sports Stadium (CISS);
  - ADM for leisure centres;
  - ADM for infrastructure services;
  - ADM for two arts venues; and
  - improved digitalisation of services and payments.
- 6 We did not look in detail at each of the individual service change decisions, but rather used them as examples to draw from and inform how the Council goes about making decisions in relation to service changes.
- 7 In this review, we concluded that **the Council has a clear framework for significant service change supported by improving governance, but arrangements could be more consistently applied.**

## Proposals for improvement

### Exhibit 1: proposals for improvement

The table below sets out the areas for improvement identified through our review.

| Proposals for improvement                                       |                                                                                                                                                   |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| The Council's governance arrangements could be strengthened by: |                                                                                                                                                   |
| P1                                                              | Ensuring information supporting service change proposals consistently includes options and clearly sets out the method of appraising the options. |
| P2                                                              | Explicitly setting out the arrangements for monitoring the impact of each service change.                                                         |

# Detailed report

## The Council has a clear framework for significant service change supported by improving governance, but arrangements could be more consistently applied

### The Council's Organisational Development Programme provides a clear framework to drive and shape significant cultural and service change

- 8 In May 2014, the Council established an Organisational Development Programme (ODP), 'designed to reshape the Council in response to a range of challenges, including the marked deterioration of the Council's financial position, demand-led pressures on services, and the inadequate performance of a number of statutory services'<sup>3</sup>.
- 9 The ODP is a rolling three-year programme, which provides the framework for the Council to drive and shape significant service changes, and take account of any cross-service issues. For example, the Council is seeking to be transformational in its use of digital technology to improve service efficiency as it is vital that any new systems are compatible across a range of Council services and departments.
- 10 The ODP is based on the following cooperative principles and high-level objectives:
  - widening opportunities for people and communities to shape services around their needs;
  - identifying delivery models to meet demand pressures and reflect budgetary realities;
  - identifying opportunities for further efficiency savings through better internal and external collaboration, integration of service delivery, and reducing duplication of effort and resources;
  - significantly strengthening performance management, workforce development and engagement arrangements; and
  - promoting openness through increased citizen engagement and information sharing, enabling transparent decision making and providing clearer opportunities for people to participate in decision-making processes.

<sup>3</sup> Source: Cabinet Report, **An Update on the Organisational Development Programme**, 16 June 2016

- 11 Whilst the ODP is the key vehicle for driving and shaping transformational change within the Council, there are no formalised criteria to determine what service changes feature in the ODP. Senior officers indicated that there were adequate controls, scrutiny and challenge through its overarching ODP Board to ensure that key objectives and principles were considered without the need for separate criteria to determine which service changes are included in the ODP.
- 12 The ODP clearly links to the Council's Corporate Plan 2016-18. The Corporate Plan sets out the Council's ambition and key priorities. 'Working together to transform services' is one of its four corporate priorities. The Council has three improvement objectives to support this corporate priority, one of which focuses on the design, delivery and commissioning of certain council services which captures the work required to deliver the ODP.

### Governance and accountability arrangements for significant service changes are clear and well-understood

- 13 The Council has established effective governance arrangements to support the ODP. This includes an ODP Board to oversee the management and monitoring of the programme. This board consists of the Senior Management Team (SMT). SMT meets weekly, with one meeting per month dedicated to reviewing progress of the ODP. The governance arrangements also include two programme boards to support the ODP Board, namely the Reshaping Services Board and the Enabling and Commissioning Board. Both meet monthly and oversee all the service change projects within the ODP and report progress to the ODP Board. There are ten portfolios spanning the two programme boards. Each portfolio contains a number of projects, which each have a project board, a project executive and project manager. At the time of this review in October 2016, there were approximately 45 individual projects within the ODP. Officers and members are clear on these governance arrangements.
- 14 The Council has also established an Investment Review Board (IRB) to consider and approve all programmes and projects for which there is a financial implication. The Investment Review Board receives updates on specific projects as and when required. For example, the IRB considered the options contained within the Council's Waste Strategy as any change to the size of the residual waste receptacle would require capital investment.
- 15 The Council has committed additional officer resource to support service change by creating a central ODP Team. The ODP Team consisted of 24 officers at the time of this review in October 2016. The ODP Team offers advice and support to those services implementing service changes. The identification, development and implementation of service change are the responsibility of service managers. The ODP Board provides strategic overview and direction, and informs the activities of the ODP Manager and wider ODP Team.

- 16 The ODP Board aims to ensure that service changes directed through the ODP are not delivered in isolation and the involvement of SMT as the ODP Board reduces this risk. The staff we interviewed noted the benefits of this arrangement. Each SMT member has an overview of all significant service changes across the Council and has the ability to identify crosscutting proposals at an early stage. The final decision on service change proposals is made by Cabinet.
- 17 Scrutiny is viewed as a valuable resource by officers and members in challenging both the progress of delivering the ODP and individual service change proposals. Relevant scrutiny committees receive reports on significant service change proposals for pre-decision scrutiny. This allows scrutiny committees to see the progression of service change options at differing stages. Scrutiny chairs are clear on their role in the governance arrangements.
- 18 Early dialogue between senior officers and Cabinet members occurs on service change proposals. The Cabinet also holds 'informal' cabinet meetings where emerging issues and strategies are discussed to establish and identify risks or opportunities early in the change process.
- 19 The Council's Monitoring Officer is a member of its SMT and attends the monthly ODP Board meetings. To ensure compliance with constitutional and legal requirements, reports to scrutiny, Cabinet and Council are routinely verified by the Monitoring Officer.
- 20 Our review found that officers and members understand their roles and responsibilities in relation to service change decision making. This was endorsed by the results of our survey of elected members and senior officers. Twenty-eight out of 30 senior officers who responded to our survey either strongly agreed or agreed that they understood their role and responsibility with regard to making decisions concerning service changes. Seventeen of the 18 elected members who responded also agreed or strongly agreed that they understood their role regarding service change decision making.

### **The Council has a process for appraising significant service change proposals; however, this is not being consistently applied**

- 21 The range and number of options that the Council considers varies between the individual service areas under review for change. For service changes such as Alternative Delivery Model (ADM) for infrastructure services, ADM for leisure centres and the review of waste and recycling collections, there was a consideration of a number of options. However, the Council appeared to have only considered one option for the transfer of the Cardiff International Sports Stadium (CISS). For the 'improved digitalisation of services and payments', we were unable to identify whether any other options had been considered because there was no business case to support it.



- 22 For some significant service changes, such as the ADM for infrastructure services and leisure centres and for the Waste Strategy, members were provided with comprehensive information with which to scrutinise the proposal and make a decision. Responsible managers attended scrutiny and Cabinet on more than one occasion to provide updates on progress.
- 23 As service change proposals are developed, options are appraised and reduced in number. Scrutiny can challenge the service proposal as it develops and Cabinet receives updated reports for decisions. Service change reports to scrutiny and Cabinet are available on the Council's website. During our review fieldwork, members stated that the reports provided all the necessary information required in order to challenge and/or make decisions.
- 24 The Council has developed an evaluation methodology for ADM service changes. This methodology, and supporting scoring matrix, sets out the evaluation criteria and questions to be addressed by officers. Questions relate to risk, income opportunities, maintaining influence in decision making, flexibility to change service delivery in the future, and operational performance. The methodology provides a structured and consistent approach to assessing each ADM whilst ensuring the Council addresses key issues of finance, risk, control, and performance of each option.
- 25 The Council used this evaluation methodology to appraise the service change options for the ADMs for leisure centres and infrastructure services. The Council does not have corporate criteria to appraise those service changes which are not considered as alternative means of delivery.
- 26 The Council has an approach that if work is undertaken to develop a strategy, policy or activity that is likely to impact on people, communities or land use, there are a number of statutory requirements that need to be considered. Therefore, the Council designed a statutory screening tool to be completed and attached to Cabinet reports. The impact of the changes, paying due regard to sustainable development, is part of this statutory screening tool. Some service changes reviewed as part of this work have completed this statutory screening tool, but not all. Currently, the Council is reviewing and redesigning this screening tool into a 'liveable city tool', which will include the requirements of the WFG Act<sup>4</sup>.

<sup>4</sup> The Well-being of Future Generations (Wales) Act is about improving the social, economic, environmental and cultural wellbeing of Wales. The Act requires prescribed public-sector bodies to act according to the sustainable development principle and sets out the following five ways of working that those bodies must consider in order to help support sustainable development: long term, prevention, integration, collaboration and involvement. Further information about the act is available on [The Wales We Want website](#).

- 27 There was a good level of understanding amongst senior officers and members about the WFG Act and the Public Sector Equality Act<sup>5</sup>. They were able to articulate how the sustainable development principles were helpful in considering longer-term issues around service change and ensuring that these were built into plans at an early stage.
- 28 The Council has completed equality impact assessments for most service change proposals considered as part of this review. 'An introduction to equalities' workshop is being planned as part of a member induction programme for May 2017 following the local government elections.
- 29 A register of committee and officer decisions is available on the Council website. Council, Cabinet, scrutiny and other committee papers are available online. Full Council meetings are webcast and the Council is currently piloting webcasting of scrutiny committee meetings.
- 30 All members receive e-mail notifications of all Cabinet decisions; however, the elected member survey identified that only 10 out of the 18 elected members who responded agreed or strongly agreed that it was easy to find key decisions. The response from senior officers was more positive with 22 out of the 30 senior officers who responded agreeing or strongly agreeing that they found it easy to find out key decisions. Therefore, despite the Council making improvements in publishing all decisions on the Council's website and e-mailing Cabinet decisions to all elected members, there may be a lack of awareness of the availability of this information.

## The Council actively engages with stakeholders to inform decision making

- 31 Cardiff Debate is the Council's programme of community engagement and it is a fundamental feature of the ODP. It provides an ongoing conversation with citizens, communities and partners. The approach to consultation varies, from drop-in workshops, social media debates, online consultation and on-street engagement. The different methods of engagement deployed highlight the Council's commitment to elicit the greatest response and demonstrate a commitment to local engagement.

<sup>5</sup> The Act aims to ensure public authorities and those carrying out a public function consider how they can positively contribute to a fairer society in their day-to-day activities through paying due regard to eliminating unlawful discrimination, advancing equality of opportunity and fostering good relations.

- 32 The Council also seeks views on residents' satisfaction with Council services through the annual Ask Cardiff survey. Questions concerning specific changes to services have been included in both Ask Cardiff and Cardiff Debate. For example, Cardiff Debate 2015 included questions on future delivery arrangements of the leisure centres, waste and recycling arrangements and infrastructure services with the results included in the final reports to Cabinet. The Council also conducts service-specific consultation. For example, the Council consulted community groups, waste teams, members, contractors and completed a random postal survey of 3,000 residents when reviewing its waste and recycling service.
- 33 Improving staff engagement and consultation is also one of the programmes within the ODP. The Council undertakes employee roadshows involving the Chief Executive and SMT and staff meetings with the Chief Executive as part of 'Have your Say' sessions. A staff Ambassador Network has been created. Additionally, the Council engages with trade unions on service change proposals that may affect staff, for example, ADM for leisure services and infrastructure services and the transfer of the CISS to Cardiff and Vale College.
- 34 In November 2016, the Council also launched a new 'staff app' to improve communication with staff. At the time of this review, the app had just been launched so we were unable to determine its effectiveness; however, the app provides another platform, which the Council could use to consult with staff on any future service or transformational change proposals.
- 35 All Council members had the opportunity to review and comment on the savings proposals for 2016-17, of which some related to service changes, via scrutiny meetings and political group meetings. The views from these meetings were contained within the papers for the Council meeting on 25 February 2016, at which the 2016-17 budget was approved.
- 36 Forward work programmes are in place for each of the Council's five scrutiny committees and Cabinet. Annually, each scrutiny committee receives a list of potential issues from officers to select to include in the forward work programmes. There is flexibility to this approach as each scrutiny meeting considers 'the way forward' for any agenda items discussed. This allows members to reshape the forward work programme to reflect any emerging issues.
- 37 Cabinet operates a three-month rolling work programme. The forward work programme is readily available in the Councillors' and Meetings section on the website; however, the scrutiny forward work programmes are not readily accessible to the public.

## The Council routinely monitors its Organisational Development Programme, but evaluating the impact of individual service changes is less well-developed

- 38 The Council reviews and refreshes its ODP annually. Its Policy, Review and Performance Scrutiny (PRAP) committee and Cabinet receive the annual review. The Council conducted its latest review during April and May 2016. The PRAP Committee and Cabinet received a report on the outcome of this review in June 2016. 2016-17 is the final year of the current three-year ODP. The Council plans to commission an independent review of the ODP in 2017.
- 39 The monitoring arrangements, and what the Council needs to monitor to assess the impact of its service change decisions, are not always explicitly set out within reports or in business cases to scrutiny or Cabinet.
- 40 The ADM for leisure centres is an example of when the Council and Greenwich Leisure Limited (GLL) agreed the performance measures and targets with the Council establishing a client function to monitor and manage the performance and the contract with GLL. However, similar monitoring arrangements were lacking in the report to exclude Cardiff International Sport Stadium from the wider leisure procurement process and transfer its management to Cardiff and Vale College.
- 41 Scrutiny does, however, proactively identify how it wants to monitor a service change as part of its pre-decision scrutiny. Service change progress updates are subsequently set out in scrutiny committees' forward work programmes.

## The Council is committed to strengthening governance and decision making, and has responded positively to our audit reports

- 42 We undertook a Corporate Assessment at the Council in 2014 and completed a Corporate Assessment Follow-on in 2015. We reviewed decision-making arrangements as part of these two reviews. In 2014, we concluded that some processes, intended to ensure good governance, were not being implemented and decision-making processes were inefficient and lacked transparency.
- 43 In response, the Council:
- created the ODP in 2014; and
  - developed a Statement of Action in 2016.<sup>6</sup>

<sup>6</sup> Statement of Action produced by the Council in response to the Corporate Assessment Follow-on report. The Statement of Action contains the key actions and timescales for addressing the statutory recommendation and proposals for improvement.

- 44 In July 2015, the Council reviewed and reshaped the ODP into two principal portfolios of work: Enabling and Commissioning Services, and Reshaping Services. A key element of the Enabling and Commissioning portfolio was to strengthen governance and engagement to support improved decision making.
- 45 Following the Council's annual review of the ODP in 2016, the Council re-profiled the Governance and Engagement element into Performance and Governance to directly address many of the Proposals for Improvement from our Corporate Assessment Follow-on report.
- 46 The Council has developed a Control Risk Self-Assessment (CRSA) to provide assurance on the ODP projects during the varying stages of their lifecycles. Internal Audit has undertaken an initial pilot of the CRSA on some of the ODP projects. The Internal Audit quarter two report for 2016-17 provided an audit opinion of 'satisfactory' following a CRSA of the ADM for infrastructure services, agile working, mobile working and scheduling and office rationalisation.
- 47 All programmes and projects within the ODP are required to develop and maintain an up-to-date risk register. For some of the service changes reviewed, there is a log used to record and track both programme and project risks. The log includes risks identified over the life of the programme or project. Residual risk rating, future mitigating actions and controlled residual risk rating is applied to the individual risks.

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