

CITY OF CARDIFF COUNCIL CYNGOR DINAS CAERDYDD

AUDIT COMMITTEE:

**Wales Audit Office Report: A Picture of Public Services
(National Study)**

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 6.1(d)

PORTFOLIO: CORPORATE AFFAIRS

Reason for this Report

To present to the Audit Committee the Wales Audit Office (WAO) 'A Picture of Public Services' National Report.

Background

The Auditor General for Wales undertakes national studies across a range of functions and activities of Welsh Public Services. The 'Picture of Public Services' was published on 17th December 2015 and it sets out his audit perspective on what has happened with public spending in Wales and the management of public services in the period since his last report in 2011. It also sets out his perspective on the big issues for public services in the coming years.

The report is based on a combination of new analysis of published information, a survey of public service leaders, and the Wales Audit Office national and local audit work.

The AGW determined that he would not make specific recommendations in this report and instead has set out his key messages for public services. It is intended that the Wales Audit office will use these messages to test if public services are rising to the challenges they face.

Summary

The report shows that public services have faced significant and growing financial, demand and capacity pressures since the 2011 Picture of Public Services report.

The AGW states that:

- some areas of performance have improved, notably some key indicators of population well-being, service quality in health, measures of educational attainment and some other council services
- public services have responded through a combination of improved efficiency and some reduction in service levels

- the way public bodies manage their finances is generally getting better. However, on a more negative point states that there is still too much of a short-term focus on annual budgets
- the Welsh Government and other public service providers have expended considerable effort to lay the foundations for transforming public services, but the pace of change on the ground has been slow
- there is a clearer direction for public services, with a particular emphasis on involving the public more in designing and providing services, but there are still many obstacles to overcome before wholesale transformation can be a reality
- that public services still have a way to go to take a whole-systems approach to understanding and managing the impacts of reductions in levels of services

WAO's key messages

Expand the horizons

Despite some progress, Wales' public services are still too focused on short-term organisational pressures. Many still follow a cycle of managing annual budgets and performance targets. Public services need to expand their horizons in many different directions. They need to better understand and plan for the huge future opportunities and challenges from things like demographic change and technological innovation.

Public services need to go further in adopting preventative approaches that will reduce future pressures on, and demand for, services. They need to do more to get beyond organisational boundaries to find new ways to join up services at the frontline. And there are lessons to be learnt from looking outside organisational and geographical silos to see what is being done well elsewhere. The WAO fully understand that pressures on immediate capacity mean it is difficult. But our public services need to change now to meet the long-term challenges.

Take well-managed risks to innovate

Radical service reform is the sustainable solution to financial and demand pressures on public services. Doing things differently means taking risks. The pressures are such that not doing things differently might be a bigger risk. But that does not mean public services should throw caution to the wind. Risks need to be properly identified, mitigated and managed and where things do not turn out as planned, public services need to be prepared to recognise, share and learn from failure.

Be realistic

Public services need to be ambitious but also realistic about the scale of the pressures they face and what that means. Some of the key areas where we think public services need to be more realistic are:

- The level of savings that can be achieved by individual scheme and the time it takes to achieve them
- The need for some cuts to service levels and the impacts on the public
- The financial and capacity consequences of creating new duties and responsibilities
- The barriers to radically reshaping services, including political and cultural barriers, and the hard work that will be needed to overcome them

Measure the things that matter

What gets measured gets managed' – so goes the saying. While Welsh public services are increasingly adopting 'outcome' measures, there remains a tendency to measure and manage how much activity is going on and how long it takes. Given the growing emphasis on personal and population outcomes, a greater focus is needed on making sure that (a) individuals and communities are better off as a result of what public services do and (b) the efforts add up to an overall improvement in our collective well-being.

Work together to manage the impacts of reductions in the level of services

The WAO survey shows that most parts of the public services are expecting cuts to service levels. So far, the approach to managing the impact of reductions in service levels has not been sufficiently robust. It is in the interests of all public services to work together through the difficult choices, to have clear and consistent priorities, to understand the short- and long-term impacts for the public and other public services, and to mitigate those impacts where possible.

City of Cardiff Council Response

The Council has put in place a range of scene setting and service delivery models in response to the significant challenges that the Council and our public service partners face. Some examples of these are:

- Liveable Cities Report which sets out Cardiff's position in comparison to other core cities and other Welsh areas. It shows where the city is performing well and where Cardiff needs to improve to become an even better place for people to live, work and visit
- The Council has approved a Medium Term Financial Strategy which considers the outlook for the three years 2017/18 to 2019/20. The Strategy includes an assessment of the key pressures facing the Council including the impact of changes to legislation and the significant demographic pressures affecting schools and social services in the city. Potential savings opportunities to bridge the budget gap in future years have also been identified. The Budget Report for 2016/17 also included a potential view out to 2029/30
- Citizen engagement around priorities as part of the Budget Strategy to help our citizens understand the impact on a reducing resources and to help set the Council's priorities
- Organisational Development Programme which is the driver for reviewing the shape and scope of the organisation together with the way that services are delivered
- Shared Regulatory Service based in the Vale of Glamorgan Council providing services across Cardiff, the Vale and Bridgend council areas
- Regional Adoption Agency based in the Vale of Glamorgan providing service across Cardiff, the Vale, Rhondda Cynon Taff and Merthyr council areas
- National Adoption Agency run by Cardiff delivering across Wales
- A Digital Strategy setting a direction for the Council to become digital by default
- A focus on commercialisation through investigating alternative ways of delivering frontline services e.g. leisure, and infrastructure

- Refresh of the Local Service Board into a Cardiff & Vale Partnership Public Services Board to set the strategic direction of partnership working across the public service and third sector
- The Council is aware of the potential benefits of adopting preventative approaches in response to increasing demand for services and the 2016/17 Budget includes a number of measures particularly in relation to social services.

Reason for Report

To present the Auditor General's findings and set out the process for providing assurance that the Council is having due regard to the output of regulatory activity

Legal Implications

There are no legal implications directly arising from this report

Financial Implications

There are no financial implications directly arising from this report

RECOMMENDATIONS

To note the work of the Auditor General and identify any issues which the Audit Committee consider relevant to their work programme.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
11th February 2016

The following appendix is attached
Appendix 1: Wales Audit Office (WAO) 'A Picture of Public Services'