

*Review of Local Service Delivery:
Report to the Welsh Assembly Government*

Beyond Boundaries

Citizen-Centred Local Services for Wales



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Foreword

“When the Stranger says: ‘What is the meaning of this city?’
 ‘Do you huddle close together because you love each other?’
 What will you answer? ‘We all dwell together
 To make money from each other?’ or ‘This is a community?’”
 T. S. Eliot, ‘The Rock’



When the First Minister asked me to chair a review of local public service delivery in Wales, I was conscious of the limited knowledge I had of the country and its governance, but attracted by its collaborative ethos and its determination to find its own distinctive path to economic, environmental and social improvement. Nine months on (at the time of writing), and after attempting to absorb much written material and talking and listening to hundreds of people, I remain aware that my understanding is far from complete. I have been fortunate in enjoying the support, experience and tolerance of the other team

members, Sir Adrian Webb and Dame Gill Morgan, our adviser Professor Steve Martin, and a small but fiercely dedicated secretariat all of whom have contributed enormously; this report is itself an example of collaborative working.

We have all been impressed by the candour and commitment of a wide range of interlocutors, from the Welsh Assembly Government, the Welsh Local Government Association, non-devolved agencies, local councils, local health boards, NHS trusts, community councils, the private, voluntary and community sectors, officials, councillors and Assembly Members. We have drawn heavily on their perceptions of the strengths and weaknesses of public services and on the data, where it has been available, underlying those perceptions. In nine months, and with a slender though superb support team, we have been unable, but nor we were asked, to inquire into every service. But we have identified some major themes, cutting across organisational divides, and propose some approaches and some possible delivery models which we believe could make a difference.

Our fundamental conclusion is that Wales has a marvellous opportunity, emanating in part from its traditions and in part from its scale, to lead the way in what we call “small country governance”, achieving for, but also with, its people excellent, responsive, accountable citizen-centred services in a way that its larger neighbours may find more difficult. Wales must, of course, like any other country, be prepared to learn from the experience of others in the UK or wider world, but we believe it will have much to share, too.

The original launch of *Making the Connections* marked a courageous commitment to foster change. We hope that the work of the review team and this report will signal an intensification of the debate, and more important, of action.

A handwritten signature in black ink, which appears to read 'Jeremy Beecham'. The signature is fluid and cursive.

Sir Jeremy Beecham

Chair, the Review of Local Service Delivery

The Review Team

Sir Jeremy Beecham (Chair)

Sir Jeremy Beecham, a Newcastle upon Tyne City Councillor since 1967, was the first Chairman of the Local Government Association in England. He was Chair of the Social Services Committee from 1973 to 1977 and Leader of Newcastle from 1977 to 1994. In 1991 he was elected Chairman of the Association of Metropolitan Authorities, until the organisation was merged with the Association of District Councils and the Association of County Councils to form the Local Government Association on 1 April 1997. He was elected Chairman of the LGA in its shadow form in 1995, and remained in that post until July 2004. He is currently Vice Chair of the Association and was a member of the NHS Modernisation Board and the ODPM Balance of Funding Review Group.



Dame Gillian Morgan

Dr Gillian Morgan DBE has been Chief Executive of the NHS Confederation since February 2002 after a career in both medicine and management, latterly as Chief Executive of North and East Devon Health Authority. As a doctor, she worked in hospitals, general practice and public health medicine, working as both a consultant and Director of Public Health in Leicestershire. She has been on many national committees and working groups in England including the NHS Modernisation Board, the National Leadership Network and the Care Closer to Home Demonstration Group. She is past president of the International Hospital Federation. Dr Morgan was born in Llwynypia.

Sir Adrian Webb

Professor Sir Adrian Webb is currently Chair of the Pontypridd and Rhondda NHS Trust and is a non-executive member of the Welsh Assembly Government's Executive Board. He was Vice-Chancellor of the University of Glamorgan until December 2005. He was previously an academic at the London School of Economics and Professor of Social Policy at Loughborough University. His academic career resulted in many research projects, publications and consultancies. He has held many committee and advisory roles both in Whitehall and in Wales, including HM Treasury's Public Service Productivity Panel, and has chaired several national enquiries. He grew up in and currently lives in South Wales.

Academic Adviser - Professor Steve Martin

Professor Steve Martin is Director of the Centre for Local & Regional Government Research, Cardiff University. He has led a wide range of studies for Government departments and other agencies in the UK and Europe over the last twenty years. He is currently directing a major series of research programmes on the local government modernisation agenda funded by the Department for Communities and Local Government. He is a Director of the IDeA and co-chair of the DCLG's Local and Regional Government Research Network. He is a member of the Shaper's Group of the Public Sector Management Wales and has been an adviser to the Council of Europe and the Lyons Inquiry into local government funding.



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Technical Annexes:

www.wales.gov.uk/makingtheconnections/

Chapter 1: Introduction

- 1.1 This chapter sets out the background to the review and explains the approach and process followed by the review team.

Background

- 1.2 The Welsh Assembly Government established the review in July 2005ⁱ, as part of the action plan for implementing its *Making the Connections*ⁱⁱ strategy for improving public service delivery in Wales.
- 1.3 We commend the Welsh Assembly Government for commissioning such an open and far-reaching review of the delivery infrastructure in Wales. It has set an ambitious vision for modernising services to meet growing expectations in the context of Wales's tradition of mutuality and its unique environment and culture. In this report, we seek to help the whole system of governance in Wales to identify what needs to be done to translate that vision into practical change in the interests of all citizens in Wales.
- 1.4 The context for our review is the rapidly maturing process of devolution, which has transformed the governance of Wales. Very rapid progress has been made to create a new machinery of government and we commend the dedication and skill with which this scale of organisational change has been, and is being, managed.
- 1.5 This change in governance has had a huge impact on local service providers seeking to respond to the aspirations of the Assembly Government, not only to improve services, but also to tackle Wales's long standing economic, social and health problems.
- 1.6 Against this background, we recognise that our own recommendations should not overwhelm the capacity for change - either at the centre or locally. Ambitious, but manageable, improvement of the public services is what we believe will serve Wales best: this is the basis for our conclusions and recommendations in Chapters 6 and 7.
- 1.7 Our terms of reference are at Annex 1 - they set the aims of the review as follows:
- to identify improvements in the arrangements for local service delivery, which are as radical and innovative as necessary; and
 - to examine how existing arrangements for accountability can be used, developed and adapted to support this innovation.

Process

- 1.8 We were set a tight timetable to complete the review - we began at the end of August 2005 and were required to report by July 2006. This timetable reflected the urgency of the task; accordingly we decided to undertake a rapid and relatively informal process of discussion with all the key stakeholders. We held 95 meetings involving over 300 individuals (details at Annex 3). We visited two local authorities, in south east and in north west Wales. We issued a consultation letter in October 2005 (Annex 4) and received 124 responses (Annex 5). We held two delivery workshops (Chapter 3). The strategies, reports and other analyses we reviewed are set out in the bibliography.

Approach

- 1.9 Our terms of reference extend to all public services as they impact on the citizen in Wales. It seemed to us that this breadth of perspective was where we could most add value, and that this required us to take a whole-system approach, looking at:

- how local delivery organisations work together at local level, and
 - how what they do is influenced by the context set by the National Assembly for Wales and the Welsh Assembly Government, as well as Westminster and the UK Government.
- I. 10 We decided, therefore, to focus on cross-cutting themes which influence the performance of services across sectors, including:
- organisational structures
 - governance and accountability
 - performance management
 - strategy and planning
 - business process
 - finance.

The scope of the review

- I. 11 It was not part of our remit to comment on the policies of the Welsh Assembly Government, or the UK Government. Our focus has been on the delivery model and systems on which they rely to implement their policies.
- I. 12 Nor was it part of our remit to conduct an in-depth enquiry into individual services - we have considered specific services in order to draw out the wider leadership, management and systems issues which impact on performance.
- I. 13 Our process did not include engagement with the general public, or with groups of citizens. We met a number of bodies whose role it is to represent the citizen and we discussed with them the extent to which they are able to influence service delivery. Processes for engaging the citizen are a central theme of our report. But our primary focus is on the management of services: we had neither the time nor resources to engage in a series of public meetings, which in any event might not have added value in this context. We hope, however, that the report will be debated widely.
- I. 14 We are most grateful to all those who contributed to the review - by meeting us and by contributing written evidence. We have been impressed by the positive and open approach taken by all those who contributed, and their shared commitment to improvement in the quality and effectiveness of services to the citizen in Wales.

notes

- i Statement on Making the Connections Action Plan by the Finance Minister, Sue Essex AM, The National Assembly for Wales Record of Proceedings, 14 June 2005; Speech by Rt Hon Rhodri Morgan AM, First Minister for Wales, 14 July 2005 www.wales.gov.uk/makingtheconnections
- ii Making the Connections: Delivering Better Services for Wales (October 2004); Delivering the Connections: From Vision to Action (June 2005).

Chapter 2: The citizen model

- 2.1 This chapter examines the citizen model advocated in *Making the Connections* as the driver for public service reform in Wales. It argues that this is a complex and challenging model, with major implications for all public service organisations.

The new context for public service delivery

- 2.2 There is a widespread recognition across the UK, and internationally, that policy implementation and service delivery have to be enhanced greatly in the public sector. Demographic and technological changes are increasing both the demand for, and the cost of providing services, at a time when the relationship between the public and those services is being utterly transformed.
- 2.3 In response, the public sector is in the midst of a sea change: a fundamental transformation from the model inherited from the post-war years to one sustainable in the early twenty first century. This has two major features:
- the changing relationship between services and the public;
 - the requirement for greatly enhanced efficiency in the use of resources in order to improve services.

The relationship with the public

- 2.4 The first of these arises, in large part, from the explosion in consumer choice and spending power in the private consumer market place. The consumer society, along with advances in expertise, most obviously in medicine, is transforming the expectations of the public. People expect more: they expect better. They also expect services tailored to their personal needs.
- 2.5 However, the same forces are also changing the relationship of services with the public who use or benefit from them. The migration from the early welfare state/ public service model of passive recipients to that of engaged consumers is well charted by Le Grand¹, but set along side this is the recent notion of 'co-production': of active consumers who achieve desired outcomes jointly with the service providers.
- 2.6 Increasingly complex social goals, especially preventive measures, cannot be achieved by doing things *to* people, as opposed to doing things *with* them. Separately, but especially together, these forces for change imply an entirely new dynamic to which public services have to adjust. The very fact that we now lack an agreed term for the public in contact with services underlines the significance of the changes which have taken place over recent decades.

Figure 2.1: The relationship of services with the public



The efficiency imperative

- 2.7 The second feature in this transformation arises in part from the first. Resources are under pressure because people expect more of the public services. If resources remained the same, they would have to be made to go further to meet increased expectations.
- 2.8 In addition, however, the consumer boom has also changed the willingness of the public to tolerate high levels of taxation - or at least the way in which taxation is viewed within politics. Across the UK, public services will need to adjust to the planned reduction in the growth of public expenditureⁱⁱ, after a period in which rapid expansion in spending has not seemed to achieve anything like enough improvement on the ground to satisfy the public.

These pressures in the Welsh context

- 2.9 In this context, Wales faces its own unique challenges, including its demography and socio-economic conditions, as well as the huge task of creating the new machinery of government required to serve the National Assembly.
- 2.10 Public services in Wales need to respond to the concentration of high levels of social need, the high costs of provision in areas of sparse population, a greater concentration of older people, fewer people in paid work and high levels of chronic ill-health, relative to the position in England. The growth in public expenditure in Wales, however, is linked to the average for England under the funding formula which underpins the UK devolution settlement.
- 2.11 Simply to equal the rate of improvement in services in England, public services in Wales must achieve higher levels of efficiency and effectiveness - the Welsh public sector pound must be made to go further and be applied to better effect. This means that efficiency is a moral imperative of even greater salience in Wales than in England. It demands a highly determined response if expectations are not greatly to exceed limited resources in the near future. We discuss this further in Chapter 4.

Responding to these challenges

- 2.12 In England, the Government is seeking to respond to the new public service challenges through a customer model which emphasises choice as the means to meet consumer

expectations, with competition, contestability and elements of market testing as the way to achieve efficiency.

2. 13 This model assumes that well-informed customers, who are empowered to express their needs and preferences, will drive service change through the impact of their choices. This has not found favour in Wales, on grounds of both principle and practicality, including the demography in rural and valleys areas where the sustainability of alternative suppliers is in question. Through *Making the Connections*, the Welsh Assembly Government has begun the process of developing an alternative, the citizen model, which fits with the historical, cultural and geographical context in Wales.
2. 14 In the consumer model, the key driver for service improvement is *exit*: customers express dissatisfaction with services by choosing a different provider. In the citizen model, exit is not the driver of improvement. The model relies on voice to drive improvement, together with system design, effective management and regulation, all operating in the interests of the citizenⁱⁱⁱ.
2. 15 Understanding this is fundamental to the design of the whole system of public service delivery for Wales. All parts of the system have to be congruent with the citizen model - importing levers from different models will not fit, and will simply create unnecessary complexity and perverse outcomes. The challenge for Wales is to demonstrate that the citizen model can deliver on its own merits.

The challenge of the citizen model

2. 16 To create an effective system for delivering the citizen model, it is crucial to understand its implications and what it demands of public services. The first requirement is to recognise the dangers inherent in the model - that the interests of the citizen may be secondary to those of service providers, in a cosy and inert delivery system fragmented across different organisations.
2. 17 The citizen model cuts across the culture and working practices of traditional public service delivery organisations. It requires a weakening of organisational boundaries, to extend delivery horizons radically, so that citizens are put centre-stage. Efficiency and personalisation have to be the imperatives of public service organisations: citizens should not have to negotiate complex pathways across organisational boundaries, these should be planned seamlessly and the citizen helped to access them effectively.
2. 18 In developing the citizen model, it is essential to learn from both the merits and the deficiencies of the consumer model. Its great potential merit is that it creates strong challenge to service providers to adapt rapidly to changing demands and circumstances, expressed through consumer choice (although this may rely on substantial excess capacity).
2. 19 However, it risks relying on a simplistic version of choice between service providers, whereas what citizens may value most is different forms of choice, personalisation and the opportunity to express preferences and influence provision, as suggested by the Select Committee on Public Administration in 2005^{iv}.

Advantages of the citizen model

2. 20 If it rises to the challenges discussed later in this report, the citizen model may be more successful in offering these different forms of choice and voice. It may also be more successful in creating a stronger relationship of trust with the public, which may be less strong in the consumer model^v.
2. 21 The citizen model also has the potential to recognise a more complex and longer term relationship with public services than that assumed by the customer model. The former

encompasses both the public in contact with specific services, and the wider public who have an interest in the overall pattern of services and their efficiency.

- 2.22 The citizen model recognises that the public have both rights and responsibilities: rights to receive services but also responsibilities to be concerned about the services available to everyone else.
- 2.23 It may, therefore, be more successful at engaging the public with the competing priorities for public investment within a constrained overall budget. But this requires public organisations to find much more effective ways of engaging the public in the trade-offs across the whole system of public services than has been the case until now.
- 2.24 The particular circumstances of Wales make this easier to achieve, because of the very practical sense in which the governance process has come together since devolution. The Assembly Government is in the middle of a change programme based on *Making the Connections*. This envisages a new Welsh public service based on flexible networks of diverse pathways involving a range of organisations, all working to a common citizen-centred model of delivery.

Box 2.1

The Citizen Model

What it means for citizens:

- citizens trust public services;
- citizens receive high quality, personalised, joined-up services, planned across organisational boundaries;
- citizens receive speedy and appropriate redress;
- citizens are well informed and have meaningful, diverse ways to express expectations, experience and needs within all spheres of government;
- citizens' voice is heard and listened to regardless of the ability of the individual to make their needs known and felt;
- citizens know how well services in their area are performing and see that organisations are being held vigorously to account by their representatives;
- citizens understand that individual and collective needs must be balanced and that the pattern of service delivery must change in order to secure improvement;
- citizens understand they have rights and also responsibilities;
- citizens understand how much money flows into their area as a whole, how it is spent, what the outcomes are and whether they are receiving value for money.

Box 2.1 (continued)**The Citizen Model**

What it means for organisations:

- organisational culture is outward facing and focused on outcomes for citizens;
- effective processes are in place for informing and engaging citizens;
- strong engagement with organisations which can articulate citizens' voice and experience;
- objective information about citizen perceptions and satisfaction is easily and widely available;
- scrutiny is respected, proactive, cross-cutting and non-party political;
- services are joined-up and personalised: business process between organisations and sectors is congruent and complementary;
- organisations pool sovereignty and resources to improve and deliver outcomes for citizens;
- systems of complaint and redress are simple, accessible and congruent across organisational and sectoral boundaries;
- organisations attract, retain and motivate talent by seeking excellence and innovation which is celebrated;
- the public service workforce is integrated, with skills which match present needs and future challenges;
- diversity of provision is embraced as a means of challenge and innovation;
- performance is objectively reported, challenged, supported and developed;
- efficiency and effectiveness are strong cultural imperatives;
- there is a rapid response to professional, technical and demographic change;
- subsidiarity at every level: local organisations have autonomy to determine local policy and are empowered to deliver national and local priorities flexibly and responsively.

- 2.25 The message of our report is that this needs to be taken much further and more rapidly, based on a shared understanding of the citizen model and its implications. This shared understanding is the glue which will hold the different spheres of government and public service bodies together: it is a constant reminder of why public services exist and that the citizen comes first.
- 2.26 *Making the Connections* seeks to reform public services in Wales based on the citizen model as the central, unifying idea to lead change across delivery organisations. This is an extremely challenging model whose implications are summarised in Box 2.1 and need to be fully understood at every level. It calls for a transformation in the culture, capacity and processes of government. It will work only if the immediate improvements in practice, which we recommend later, are firmly embedded in an evolving model of what good public service management means in the twenty first century, and how best it can be attained in Wales.

- 2.27 Disjointed changes in practice will not suffice, and changes in practice will be disjointed if they are not set within a rigorous framework of guiding concepts and precepts. Putting the public services on a new footing is no more an event than was devolution. What is needed is a ten-year rolling programme of action, to give life to a coherent and distinctive model of public services and public management in Wales. The hard thinking has to be done as well as the work on the ground. We can do no more than set both these processes in motion.

notes

- i *Motivation, Agency and Public Policy: of Knights and Knaves, Pawns and Queens*. Le Grand, Julian (2005). Oxford University Press
 - ii HM Treasury, Budget (2006)
 - iii Hirschmann argued that individuals have two possible responses when they perceive that an organisation is failing: exit (end the relationship) or voice (attempt to repair or improve the relationship through communication of the complaint, grievance or proposal for change). *Exit, Voice and Loyalty, Responses to Decline in Firms, Organisations and States*, Albert O Hirschmann, (1970), Harvard University Press.
 - iv *Choice, Voice and Public Services*, Public Administration Committee, House of Commons, (2005)
 - v *Trust vs efficiency*, Peter Taylor-Gooby, Prospect, (2006)
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Chapter 3: The barriers to improving service delivery

- 3.1 This chapter examines the issues raised during our discussions with stakeholders between September 2005 and March 2006, and in the written consultation responses. It draws out the factors contributing to present performance, and highlights the barriers to improvement, which we address in the conclusions and recommendations (Chapters 6 and 7).
- 3.2 We have heard evidence from a very diverse range of services - what is striking is the consistency of the messages on the obstacles which currently stand in the way of service improvement. These are interconnected, but for clarity we have identified three main problem areas:
- culture
 - capacity
 - complexity.
- 3.3 These represent major barriers to achieving the citizen model. They have particular implications for partnership delivery, as discussed below.

Scale of the delivery challenge

- 3.4 In the six years since devolution, the Assembly Government has developed strategies dealing with virtually every aspect of devolved services, as well as many non-devolved ones. These range from vision statements to detailed action plans, such as the national service frameworks. Most prescribe a detailed list of actions which need to be carried out by staff in local public service organisations - including local authorities, NHS bodies, the police, fire authorities, quangos and the third sector.
- 3.5 In the same timescale, new delivery expectations have been placed on these organisations by UK Government departments, such as the Home Office or the Department for Work and Pensions (DWP). In addition, non-devolved parts of largely devolved services have created new implementation requirements, for example, the professional workforce re-structuring changes for teachers and NHS staff.
- 3.6 There is, to a considerable extent, consensus on these policies and plans. However, there is frustration about the pace of change to achieve the improvement which everyone agrees is needed. This is the delivery gap, between aspirational policy and practical delivery, which we have been asked to address.

Strengths of the Welsh system

- 3.7 Our role is to focus on what needs fixing - it follows, therefore, that our analysis devotes much more attention to problems than to positive aspects. However, everything we say should be prefaced by a recognition of the important strengths of present arrangements. These include:
- common purpose based on the tradition of mutuality and support for the *Making the Connections* citizen model;
 - scale: local organisations that are close to communities and a national government that engages directly with partners in policy development;
 - national partnerships: the WLGA is providing a strong leadership role, and the statutory partnerships with local government, the voluntary sector and the business sector provide the basis for good communication and engagement with the Assembly Government;

- workforce engagement: a commitment to strong communication and engagement with staff representatives;
- co-terminosity at local level of the key delivery organisations;
- service performance in some categories which outperforms the same services in other parts of the UK;
- a recognition that change is needed, and some important steps already taken to achieve this, such as plan rationalisation where the Welsh Assembly Government has reduced the number of plans which local authorities are required to produce;
- support for the Spatial Plan approach to improving co-ordination and joint working above the local area level.

'The police view is that in an area the size of Wales the combination of a unitary authority model of local government and a National Assembly Government ought to bring to Wales a clarity in political relationships, the potential for which does not exist elsewhere in the UK and which deserves to be exploited as much as possible to the benefit of the public.'

Written submission from the Police Services in Wales

- 3.8 The challenge now is to ensure that the capability of the delivery system - staff, structures and processes - match up to the aspirations of the National Assembly, Assembly Government and the needs of citizens in Wales. This requires action to tackle the constraints of organisational culture, capacity and process complexity.

Culture

'Organisational cultures in the public services... are often characterised by:

- competitiveness between different organisations, resulting in a lack of 'joined-up' approaches and a lack of collaboration and information sharing;...
- a target driven culture, where outcomes on the ground are not reviewed and followed up;
- policy initiatives are proceeded with on the basis of what is best for the organisation, rather than for the members of the public that the organisation serves;
- no methodologies for assuring that quality standards are followed or that feedback is gathered from the people the service provides for;
- the exclusion from consultation of actively interested members of the public who come from socially excluded groups, and thus remain socially excluded;
- unwillingness to listen to feedback unless it supports the current views of the service providers.'

Written submission from Anglesey Local Health Board

- 3.9 Chapter 2 sets out the implications for culture and practice of the citizen model of service delivery. The evidence suggests that the prevailing culture has not yet grasped this model. Ambition is limited by organisational, departmental and institutional boundaries, and struggles to respond to a citizen perspective. Leaders, organisations and departments within them are silo based. Vertical lines of policy and performance management reinforce this culture.

- 3.10 At present, many public services appear not to welcome challenge or to embrace innovation. There is too much of a culture of compliance: waiting to be told what to do by the Assembly Government (or the UK Government). This inhibits progress by constraining initiative and providing excuses for non-performance. It risks creating the impression that Wales is wedded to traditional service delivery models and accepts current standards of performance.
- 3.11 This culture limits innovation. It means that when new freedoms are introduced, such as the new powers to charge and trade, the well-being power and the prudential borrowing system, organisations have been slow to innovate and use these new powers to improve services. (See Box 3.1 on the compliance culture)

Box 3.1**The compliance culture**

The prudential borrowing system is a good example of moving from a compliance culture to one of innovation and professionalism. The capital finance system put in place by the Local Government and Housing Act 1989 was a highly prescriptive system based in primary and secondary legislation with over 120 regulations. Every year the Assembly Government would tell each local authority in Wales how much it could borrow for capital expenditure purposes i.e. the credit approval.

This system reflected a lack of trust between central and local government, it left little or no room for manoeuvre at a local level and the resulting compliance culture led to:

- the creation of an avoidance industry to create new kinds of financing vehicles which did not count against the 'credit approval';
- local authorities taking asset financing decisions on the basis of avoiding a 'hit' on their credit approvals rather than the best value for money;
- a race at the end of the financial year to spend up to the credit approval limit;
- a lack of strategic focus for capital investment decisions.

This detailed prescription was swept away by the introduction of the prudential borrowing system. There is still legislation but it is enabling rather than prescriptive. The Assembly Government has placed reliance on professional codes of practice, and its own statutory guidance, to set a framework for a self-regulating system whereby local authorities are responsible for making cost effective, strategic capital financing decisions.

However, moving away from the compliance based credit approval system requires different skills and culture. This takes time, so that the potential benefits to service delivery in terms of strategic asset management and planning have yet to be fully realised.

Some authorities have made excellent use of the new system, for example, Blackpool has used the prudential borrowing system to invest in pavement improvements which have reduced their annual bill for 'trips and falls' by around £1 million.

This illustrates the potential to strip away detailed prescription, to create space for local innovation, giving local organisations the opportunity to demonstrate integrity and professionalism, using all the tools at their disposal to improve facilities and services in the interests of their communities.

diversity of provision

3. 12 The present organisational culture also constrains ambition in relation to working with and through other organisations, to harness their expertise and new ideas. A more innovative culture would embrace a mixed economy of provision, with a range of different providers developing new approaches, and partnerships with both the third and private sectors helping to introduce new ways of thinking and expand capacity.
3. 13 A strong mixed economy of provision also means developing public sector provision to reduce reliance on a limited range of private suppliers, for example, in residential care and fostering services. There should also be occasions when public service providers compete with each other, for example, in transactional services.

'Revitalisation of local services calls for a much more open process of identifying who best meets the needs identified by local people and communities, and a positive willingness to work with and commission from organisations where they are identified as well-placed to do so.....There should be no pre-conceived assumptions about who should provide what services.'

Written submission from the WCVA

openness to change

3. 14 Service improvement through change and innovation is inhibited by a conservative organisational culture and the limited nature of public debate which often reflects an attachment to what is rather than a willingness to explore that might be. For example, there has been only limited progress to date in:
- introducing new ownership models, such as community mutuals, to enable faster progress in tackling the backlog of repairs in local authority housing. See *Better Homes for People in Wales: A National Housing Strategy for Wales*, Welsh Assembly Government (2001);
 - rebalancing NHS provision away from hospitals towards community provision, as advocated by Derek Wanlessⁱⁱ;
 - rationalising education provision across school 6th forms, FE colleges and vocational training providers, to improve the range and quality of provision as advocated in the ETAGⁱⁱⁱ report in 1999.

'Putting the citizen at the centre of the planning commissioning and provision of services is crucial. There are examples of good practice across Wales but, ...this needs to be further strengthened so the public is genuinely engaged in the debate about the need to modernise our services. Some of the changes required will challenge current public perceptions about what is expected from local services - particularly as there is such a strong sense of 'ownership' of public services within Wales. There is still a strong attachment to bricks and mortar at a time when we need to be focused on providing care in very different ways in other locations.'

Written submission from the Vale of Glamorgan Local Health Board

3. 15 Gaining public support for change in service delivery is a huge challenge for all local organisations in Wales, as elsewhere. The barriers to change include:

- public facilities, such as schools and hospitals, or sixth forms in secondary schools, are valued in themselves as a symbol of public commitment to the area, even where the rationale for provision has changed dramatically;
 - the political process is driven by a motivation to protect local institutions, as opposed to pursuing innovation;
 - there is a lack of trust in the motives of the organisations proposing the change;
 - the case for the new alternative model of provision is not made convincingly enough;
 - local organisations are divided in making the case for change;
 - there is insufficient local ownership of the overall budget or understanding of the opportunity costs of failing to change.
3. 16 This presents a challenging agenda but the scope for innovation and improvement will be severely limited if particular buildings and services are immune from change. Creating a flexible delivery system which can adapt to changing requirements and circumstances, depends on establishing and maintaining excellent communication with citizens. This needs to be part of the normal run of business, not just initiated by a particular change proposal. This is a challenge for the whole governance system in Wales, including the political parties, administrators and professionals.
3. 17 We do not underestimate the difficulty of implementing such fundamental change, across organisational boundaries with the support of citizens. But progress in improving services will be limited if protecting the status quo is valued more highly than improving effectiveness.

openness about performance

3. 18 The culture has been defensive about publicising performance, although this is changing, as discussed in Chapters 5 and 6. Wales resisted the league table approach to comparative performance, on the grounds that raw data are often difficult to interpret and potentially misleading, particularly when there is such diversity of needs and priorities across the small number of local authority areas in Wales.
3. 19 The Comprehensive Performance Assessment model in England has been criticised for being a crude measure of performance, but it is also recognised as having contributed to significant improvement, including in services on which vulnerable users and communities rely.
3. 20 Without readily available performance data, the danger is that service providers lack challenge, and it is much more difficult for the citizen to get a sense of how well local services are performing. An open and frank assessment of the strengths and weakness of performance and priorities for improvement at every level, seem to us a precondition of the citizen model.
3. 21 It is essential that citizens and their representatives can track the performance of local service providers over time, so that they can tell whether things are improving. In addition, there is a case for developing a benchmarking set for Welsh areas, which should be published annually for debate. We have illustrated this approach in Chapter 5 and it is already happening in some Welsh local authorities which benchmark themselves against comparable authorities elsewhere in the UK. As we recommend later, the approach should be to embrace performance information as part of the challenge and ambition to improve services. This greater openness about performance is one of the preconditions of effective scrutiny and accountability to the citizen.

scrutiny

3. 22 We heard little evidence of public scrutiny as an effective lever for improvement. At local level, the process appears to be retrospective and focused narrowly on local authority

services. There is not enough training for scrutineers. There is a lack of administrative and expert support for scrutiny and too little public engagement with the process. An improvement-driven culture would take scrutiny more seriously and give it a higher status and more challenging multi-disciplinary focus. The process should be objective and there should be no party whip.

- 3.23 All public service organisations should welcome scrutiny as a means to improve and learn. The statutory role of English local authorities in scrutinising health has proven to be an effective means of developing closer working between these bodies.
- 3.24 The aim should be to provide effective challenge to organisational culture and examine whether public services together are achieving desired outcomes. The scrutiny process could be enhanced considerably by the involvement of users of services, advocates and expert advisors. The media also has a role to play in generating public interest in the scrutiny process at all levels of government.
- 3.25 The Report of the Centre for Public Scrutiny^{iv} emphasises the potential for public scrutiny, at all levels of the democratic process, to give citizens a voice within governance structures, and to bring about shifts in both policy and service provision. Policy overview and pre-decision scrutiny can improve the quality of decision making. The process can give voice to sections of communities that are hidden, hard to reach and marginalised.

'The challenge for scrutineers and citizen governors is to think precisely about the interconnectedness of all the issues [facing government]. The worst thing of all would be to treat scrutiny as a little box of its own'.

Centre for Public Scrutiny (2005)

- 3.26 In light of this we suggest the following as principles of effective scrutiny which should apply at all levels of government:
- divorced from party politics - no whipping on scrutiny panels;
 - not always chaired by controlling group;
 - provide 'critical friend' challenge;
 - give voice to the concerns of the public;
 - make an impact on public services.

Capacity

- 3.27 The very strong message from consultation is that delivery capacity is extremely stretched across the public services, including third sector bodies. The capacity constraints raised with us consistently, across the range of public services, include concerns about:
- **leadership** - political and managerial vision, in organisations, directorates, schools, colleges, teams;
 - **strategic/cross-cutting** - strategic thinking on health, employment, skills, inequalities;
 - **expertise** - professional, analytical, project management, human resources, contracting, e-government, asset management;
 - **skills** - communication, negotiation, brokering, persuasion, identifying mutual gain, relationship management;
 - **scrutiny and governance**, - citizen-focused challenge;
 - **challenge and innovation**, including private and third sector capacity.

- 3.28 These capabilities are in short supply, and thinly spread across a large number of organisations. To some extent this has been recognised by the creation of Public Service Management Wales (PSMW), the National Leadership and Innovation Agency for Healthcare (NLIAH) and Value Wales. The evidence suggests that these roles will need to be enhanced considerably, if they are to be effective in developing much stronger delivery capacity across the public services in Wales.

'Wales has much to attract and retain public servants but it must position itself in the national and global employment market and remain competitive. For public services to meet the considerable challenges they face they must be seen as the 'employer of choice'. In this respect the overall concept of Wales being a go-ahead, confident and successful nation is important across the Welsh economy.'

Written submission from the NHS Confederation Wales

- 3.29 Capacity constraints have been made more acute by new roles which place greater demands on individuals than traditional leadership and managerial roles. For example, the strategic housing role is very different from the traditional housing service provider function which district councils fulfilled prior to reorganisation^v. This role now includes:
- Visioning of housing and community outcomes;
 - Effective engagement of communities and partners;
 - Delivering services which achieve health, sustainability and other outcomes;
 - Responding flexibly to housing need;
 - Implementing complex new financing models.
- 3.30 Leadership capacity is important but it is also important to recognise specialist service needs. Capacity constraints feature strongly in the performance challenges discussed with us, for example, in social services (Box 3.2), waste management (Box 3.3) and school improvement (Box 3.4).

Box 3.2

Social Services

There is general agreement that the performance of social services in Wales is not up to the standard that citizens should expect. The latest report of the Chief Inspector of Social Services^{vi} and the latest round of joint reviews show evidence of some improvement but serious concerns remain. More rapid change is needed by:

- developing a sharing and learning culture;
- improving use of existing resources to improve performance;
- more practical, targeted support capacity to help authorities in difficulty.

The problems have been well documented over a number of years:

- culture and leadership - political and professional;
- funding - reflecting low political priority;
- staff shortages - professional and care staff vacancies;
- inadequate information on process and outcomes and weak performance management.

Box 3.2 (continued)

The major capacity constraint has been the shortage of trained staff, documented in detail in the report produced by the Association of Directors of Social Services^{vii}, and the way competition between authorities to recruit staff has made the position worse for everyone. The impact of fragmentation, and loss of expertise and commitment, at member and officer level, following the 1996 re-organisation is also felt to have been a major factor in the problems over the past 10 years.

The impression is that, in a number of areas, the social care delivery organisation has simply not been capable of implementing strategies such as *Rights to Action*, *Designed for Life*, the *Strategy for Older People*^{viii}, let alone contributing effectively to partnership and innovation. Leadership has been too pre-occupied with immediate pressures, to be able to raise its sights to excellent practice elsewhere, and what could be achieved through forging effective partnership.

More recently, there have been interventions in individual authorities, involving target setting and performance monitoring by the Social Services Inspectorate for Wales. In some cases this has been supplemented by additional action involving the WLGA and the Welsh Assembly Government, where a senior advisory team has been sent in to help design and implement improvement plans. A new Improvement Agency, located in the WLGA, funded centrally, will support general performance improvement by directing help to where it is most needed.

This improvement plan does provide grounds to expect that enhanced capacity will shortly deliver improvements in outcomes. There is recognition that sustained improvement requires a transformed culture, with ambitious collaboration, for example, in order to:

- build upon experience of authorities working together already evident in parts of Wales;
- learn from the shared commissioning model being developed for LHBs;
- pilot a shared service model across two or more authorities;
- transform practice and culture in relation to the citizen and the voluntary sector;
- collaborate with the DWP, FE colleges, and others, to develop innovative ways of responding to the growing demand for caring and professional staff;
- transfer learning from the shared client data model, developed with the DWP as part of the LinkAge strategy, in which staff working for different agencies collaborate to reduce the number of forms filled out by older people, which both improves the service and frees up staff time to help people with complex problems.

Box 3.3**Waste management**

There is general agreement on the delivery challenges faced by local authorities in implementing the Assembly Government's *Wise about Waste*^x strategy:

- leadership: the capacity to plan and implement major capital projects in the context of coherent spatial planning, including integration with the environment, economic development, housing and transport;
- technical capacity to negotiate complex contracts: expert procurement and legal skills are in short supply;
- creating capacity e. g. in the third sector; to manage local recycling projects;
- collaboration: the volume of waste is too small to be managed by most authorities on their own - the market is dominated by a small number of large contractors who are only interested in very large contracts;
- shared accountability for joint contracts: the need to create new formal partnership vehicles and approaches to scrutiny.

These are being addressed by the new regional boards convened by the WLGA to identify and lead on key collaboration issues. There is a very strong driver to improve performance: the EC directive^x that imposes serious penalties if targets to reduce landfill consumption are not met.

Nevertheless, progress is held back, both by capacity constraints and an inability to tackle them in a cross-organisational way. This is not for want of commitment: more an uncertainty about whose role it is to make the running, when accountability is with individual authorities, and there are major risks in negotiating contracts for 20 years.

In some areas, joint delivery is developing, particularly where there is clear mutual gain, for example, in the relationship between Cardiff and Newport, where one partner adds to critical mass in contract terms and the other is under less immediate pressure on landfill. The two authorities have entered a joint scrutiny and decision-making process, including joint presentations to members, involving officials of both authorities and the Assembly Government.

The leadership role is to ensure sufficiently rapid progress across Wales, including, where necessary, national or regional decision-making on key issues, such as incineration and the siting of major facilities, where these cannot be resolved by local negotiation.

The task is to identify the practical capacity constraints and broker agreement on solutions such as the formal partnership structures required to support joint contracts. It also needs a clear view on what sort of intervention is needed, national, regional or local. This is challenging because it falls between the local and central levels of government, and requires much more Assembly Government engagement with area specific solutions than has traditionally been the case.

Box 3.4

Improving performance in schools

There is a shared analysis, based on the Narrowing the Gap project commissioned jointly by the Assembly Government and the WLGA^{xi}, that the key delivery issue is to reduce the range of performance between schools, by raising the performance of those with the lowest levels of pupil attainment, and learning from schools which are demonstrating success in breaking the link between deprivation and low performance.

The constraints on progress are:

leadership in schools - the culture and skills of senior management teams which the Narrowing the Gap analysis identified as the critical success factor for continuous improvement;

capacity of local authorities- to challenge and support schools to improve, in particular through sharing good practice; and the capability to implement a strategic approach to provision of school education in the light of falling rolls, the need for capital investment and curriculum change;

governance and scrutiny of schools - the capacity of governors and parents effectively to challenge and support improvement;

structures and resourcing which inhibit collaboration between schools and colleges to implement effective 14-19 learning pathways.

Sharing expertise is crucial to tackling these capacity constraints. A number of local authorities retained shared advisory services following reorganisation in 1996 so as to ensure that existing school support expertise was not lost. ESIS provides services for 5 authorities in south Wales, and Cynnal for 3 in north Wales. They are valued by authorities and schools as an expert, cost-effective resource. They carry out work for other authorities, including some outside Wales, on a contract basis. There is a strong case for extending the range and scope of these shared services: five authorities in south west Wales are examining how to achieve this.

Implementing the changes required to create the Foundation phase (3-7): and individual learning pathways 14-19, including rationalising post 16 provision^{xii}, will make even greater demands on capacity at local authority level.

Without very strong leadership, including transforming the culture to focus on all learners, and challenging the delivery system to achieve excellence for all, change will be blocked by institutional resistance and aspirations for quality, choice and personalisation will not be realised.

Implementation of change has to include consultation with stakeholders, including pupils, parents and governors, to achieve a greater shared understanding of the opportunity costs to young people, communities and the Welsh economy of failure to secure improved outcomes for learners.

- 3.31 The skills required by partnership models of delivery are particularly important and particularly stretched. These are often seen as 'soft skills' such as communication and persuasion. But effective joint provision requires stronger negotiating skills - including the capacity to identify mutual gain and ensure that separate organisations deliver on shared commitments.

3. 32 In specific examples of service failure, capacity problems combine with process complexity to produce poor performance, with a major impact on citizens, particularly disadvantaged people. For example, in the case of local authority benefits administration, the shortage of trained and experienced staff, exacerbated by staff moving between authorities in search of better pay, combined with an extremely complex and constantly changing set of statutory entitlements^{xiii} have contributed to unacceptable delays and inaccuracies in benefit assessment in some areas^{xiv}.
3. 33 The seriousness of these capacity problems makes it imperative that local organisations seize every opportunity to enhance capacity by sharing services, or combining expertise, using a range of different models. The need to respond creatively and urgently to limited capacity and skills is on its own a compelling argument for increasing partnership in service delivery. There are some examples of shared senior appointments and co-location or pooling of staff; these, however, are exceptions.^{xv}
3. 34 The need for greater collaboration extends well beyond inter-authority arrangements. There is scope for greater partnership working between councils, local health boards, the police and fire services, as well as the Pensions Service and Jobcentre Plus. Local service providers also need to do much more to develop effective public-private partnerships as a means of increasing managerial capacity and service improvement.

'The partnership is also taking forward the development of a joint commissioning structure to deliver services for the future. The work involved in modernising and changing service delivery will be significant and the partnership has recognised that this will require dedicated time to drive forward the changes. Whilst this work is focusing primarily on health and social care, it is critical that joint commissioning also reflects the wider corporate interface between the local authority and the LHB, as well, as the wider voluntary and independent sectors in order to deliver modern public services.'

Written submission from Blaenau Gwent CBC and Blaenau Gwent LHB

3. 35 Box 3. 5 provides some examples of partnership models being tested in England to enhance the effectiveness of partnership working. Box 3. 6 provides examples of joint working models designed to increase capacity and thus improve services. These are examined in more detail in, for example, 'The Final Report of the Strategic Partnering Taskforce', ODPM, 2004 and 'Efficiency and Joint Working in Local Government in Wales', WLGA/KPMG, 2006.

Box 3.5**Examples of models being tested in England to enhance partnership effectiveness****Local Area Agreements (LAAs)**

All the public sector bodies in an area sign up to an agreement to deliver a number of outcome targets negotiated with central government as a strategic agenda for the area. This is supported by reward grant and negotiated delivery flexibilities.

This includes specific freedoms from particular performance targets, or other constraints imposed by Whitehall departments, requested by the parties in order to help them achieve the LAA targets. LAAs are negotiated by the regional offices in England on behalf of the Department for Communities and Local Government and the relevant Whitehall departments.

The model has some similarities with the second round of the Policy Agreement scheme introduced in Wales for 2004-07. This allocated around £30 million per year over three years of Performance Incentive Grant to local authorities on condition that a set of negotiated targets will be met by 2007.

The key difference is that LAAs are agreements with a team across sectors, whereas the Policy Agreement process rests on an agreement with a local authority, and relates to the delivery of targets which are largely within the local authority's control.

The LAA model is not without difficulties. For example, new guidance for LAAs was introduced by the former Office of the Deputy Prime Minister recently^{xvi} and it is still a complex document containing around a possible 100 mandatory (dependent on funding streams pooled) and many more additional voluntary targets. The Local Government Association suggests that this complexity is a function of the caveats and qualifications that Government Departments wish to see included.

Public Services Boards

This model is being developed in some areas in England. The Board includes all the stakeholders in a local authority area - public sector agencies including the local authority, the primary care trust and hospital trust, police and fire, DWP, the third and private sectors. The purpose is to pool all the resources of public services in an area, and jointly decide how to marshal them more effectively to solve problems and improve services.

Box 3.6

Joint Working Models	
Model	Likely Applicability
Joint Committee (Local Government Act 1972 s. 101)	Services which need to be planned on a geographical basis wider than a single local authority.
Lead provider	Specialist services where expertise is in short supply - these could be direct service delivery such as specialist mental health social workers or support services such as IT.
Shared Directorates/Shared Services	Management teams of like organisations for services delivered to the public but a possibility of applicability across the public sector for support functions such as HR and finance.
Joint Venture/Local Authority Company/Limited Liability Partnerships	This form of partnering arrangement is more 'legalistic' and likely to come into play the more partners are involved and the more the private and third sector are involved.
Public Sector Consortium	Where expertise is scarce and/or where there are economies of scale to be gained.
Outsourcing	Generally involves a total transfer of the service provision to the service provider.
Example	<p>Transport consortia in Wales</p> <p>ESIS and Cynnal - specialist curriculum support and training for teachers.</p> <p>Cardiff is the lead provider for ICT services to Blaenau Gwent.</p> <p>Gwynedd provides the school meals service in Anglesey (as a result of competitive tender)</p> <p>Clackmannanshire and Stirling are considering joining their management services.</p> <p>The three NHS shared services centres across Wales provide support functions to all NHS bodies.</p> <p>Carmarthenshire/Ceredigion/Pembrokeshire joint adoption service. Enables the ability to pool expertise through a central management system.</p> <p>Capita Symonds (Capita Gwent Consultancy)</p> <p>Internal audit services</p> <p>The West Glamorgan Joint Childcare Legal Service</p> <p>Newport Wastesavers</p>

Complexity

3. 36 The third message from our consultation is that the gap between aspiration and delivery is greatly increased by the complexity of the governance process. This includes the complexity of the delivery map - we have encountered a great deal of 'variable geometry'; different regional and service splits across Wales e. g. six Spatial Plan areas, four WLGA joint boards, three health 'regions', four transport consortia and so on. The argument has been that these boundaries each work for their own intended purpose and that in some cases the boundaries are 'fuzzy'. This, however, means that local organisations have to manage this complexity.
3. 37 More widely, local service providers are working in a complex infrastructure of different types of central requirements including:
- compartmentalised business processes across sectors, with different planning, data and reporting requirements, targets, timescales;
 - new legislative requirements;
 - performance management - multiplicity of targets and competing priorities;
 - regulation and inspection - single organisation focus, duplication and overlap, disproportionate burdens;
 - multiplicity of partnerships;
 - complex finance systems, including a multiplicity of funding streams.
3. 38 The clear message from our discussions is that these create a focus on process rather than outcomes, and that this gets in the way of local service delivery by:
- encouraging a compliance culture;
 - reducing the space and incentive for innovation;
 - detracting from local pride and accountability;
 - inhibiting local joining-up around strategic goals.
3. 39 The impact of central requirements on the behaviour and performance of local organisations and front-line staff is huge, but insufficiently understood by the Assembly Government, or by Whitehall. They drive communication vertically in departmental compartments rather than horizontally across sectors. This has major implications for organisations' and individuals' priorities, and commitment to partnership working. The same problem is mirrored within local organisations.

performance management

3. 40 Local organisations are working to meet the requirements of a large number of different performance imperatives including:
- the Wales Programme for Improvement and Policy Agreements
 - the NHS balanced scorecard and Service and Financial Frameworks
 - the National Service Frameworks for some disease conditions and client groups
 - the performance indicator sets for cross-cutting strategies such as substance misuse and the environment
 - the national key skills targets
 - the national health targets
 - the Home Office targets for policing and community safety
 - DWP operational targets for Jobcentre Plus and the Pensions Service

- 3.41 Each set of targets has a separate champion department in the Assembly Government, or in Whitehall, and forms the basis of a vertical reporting relationship between the centre and the locality. From the local perspective, many of the targets are potentially in competition demanding a great deal of local effort to negotiate divergent or conflicting demands^{xvii}.
- 3.42 The need to reduce the number of statutory targets is recognised, and progress is already being made, for example, by reducing the number of statutory NAWPIs. However, the recent revision of the local government performance management framework recognises the need to provide local authorities with a framework for benchmarking services between themselves.
- 3.43 The more fundamental issue is the impact of performance management on behaviour and capacity in the delivery agencies. Where performance is measured, and finance allocated, on a process or activity basis, this greatly limits the scope for joint working. Where performance management is too detailed and micro management focused, the scope for local managers to use their initiative and judgement is constrained, limiting their capacity to develop into effective managers and leaders.
- 3.44 There needs to be a clearer shared vision about the type of local management required, and how this is to be encouraged and rewarded. We recommend later that a differentiated, more proportionate approach is needed, with strong challenge and support where performance is poor; and a heavier reliance on self-evaluation for those organisations which are performing and delivering.
- 3.45 This is not an easy balance to strike, particularly on challenging issues where there is a lack of confidence in local organisations' capacity to meet delivery goals, for example, on waiting times for NHS treatment. The challenge is to make sure that the impact of driving particular targets on the wider system is understood and accepted, and that capacity constraints are addressed - as has happened with the creation of the NHS Trusts Delivery Support Unit.

finance

- 3.46 There is agreement, in principle, between the Welsh Assembly Government and the WLGA to support non-hypothecated funding for local government as the best way to ensure a strategic approach to priorities and value for money at local level. However, in practice, there are a large number of specific grant schemes, both revenue and capital, allocated largely through separate departments, requiring staff to issue guidance and monitor compliance with grant objectives. Many require authorities to submit supporting bids with detailed monitoring regimes. (See Box 3.7)

Box 3.7

Local Authority Funding Streams

This is not a complete list of all local authority funding streams, but it does demonstrate the complexity of the current system, and the numbers of specific grants from: the Welsh Assembly Government, non-devolved UK Government departments and other sources (such as lottery and EC funding) which local authorities must administer. Some of these grants are around £1 million per annum with most being between £5-10million for the whole of Wales.

These grants are in addition to the unhypothecated Revenue Support Grant (which includes unhypothecated support for borrowing for capital investment), Performance Incentive Grant, Deprivation Grant and General Capital Grant. They are also in addition to Housing Revenue Account Subsidy for those authorities which retain a landlord function.

Box 3.7 (continued)**Welsh Assembly Government Revenue Grants**

Free Swimming for Older People
 Free Swimming for Children and Young People
 Additional Revenue Funding for Schools
 Aggregates Levy Sustainability Fund for Wales
 Assembly Learning Grant
 Better Schools Fund 2006-07
 Children First
 Civil Contingencies
 Community Focused Schools Grant
 Concessionary Fares Reimbursement Grant
 Cymorth - the Children and Youth Support Fund
 Early Years
 Ethnic Minority Achievement Grant
 Food & Fitness Health Promotion Grant Scheme
 Implementation of the Strategy for Older People
 Joint Working Special Grant
 Learning Disability Strategy (Resettlement)
 Learning Pathways 14-19
 Local Road Safety Grant
 Local Transport Services Grant
 Performance Management Development Fund
 PFI Grant
 Planning: delivering for Wales
 Primary School Free Breakfast Initiative
 Roadside Vehicle Emission Testing Grant
 School Uniform Financial Assistance Scheme
 Social Care Workforce Development Programme
 Social Housing Management Grant Programme
 Support for People with Disabilities (Mental Health) Grant
 Supporting People
 Tackling Disaffection Grant
 Traveller Education Grant
 Waste Management
 Welsh Network of Healthy School Schemes
 Young Peoples Partnership - Multi Agency Projects

Welsh Assembly Government Capital Grants

Major Repairs Allowance
 Substance Misuse
 Town Centre Regeneration
 Local Roads
 Local Transport
 Rail and Air Capital
 Walking and Cycling
 Road Safety
 Water Grants
 Arterial Drainage & Flood & Coast Protection
 Waste Strategy
 School Buildings Improvement Grant
 Electronic Registration
 CADW

Non Welsh Assembly Government Revenue and Capital Grants (many of which are multiple funding streams)

Big Lottery
 Home Office
 European Grants
 Arts Council of Wales
 Sports Council for Wales
 DWP
 Youth Justice Board
 European Community Grants
 Countryside Council for Wales
 Private Developers Contributions
 Sportslot

3. 47 This complexity of funding, including specific grants and ring-fencing, is replicated across the other sectors. It carries high transaction costs, and risks undermining value for money, through short-termism and lack of local ownership, as discussed in Chapter 4. It also makes the pooling of budgets and resources more difficult at local level.

'... the Assembly Government's financial planning strategy can act as a barrier to effective joint working. ...Divisions submit bids, which are compared and prioritised, then aggregated into the Assembly's budget.

This encourages competition, rather than collaboration, and makes it less likely that the successful competitors will subsequently sit down and share the resources they have won with others. It nurtures "pet projects", and promotes the idle perpetuation of moribund schemes to hang on to the funding associated with them.'

Written submission from the WLGA

audit, inspection and regulation

3. 48 Audit and inspection is also compartmentalised, and the combined impact of the processes of the different inspection bodies on local delivery organisations is widely recognised as a problem, including by the National Assembly's Local Government and Public Services Committee's^{xviii} report last year. As with performance management, the issue is not just the complexity of individual systems, but also their combined impact on delivery organisations. Action, for example, through the relationship manager role, to co-ordinate better the timing and organisation of inspections, is only a partial response to this challenge.
3. 49 The issue across the whole range of audit, regulation and inspection is to balance the independence of inspection with greater coherence and impact across the public services. It is not purely a case of addressing the burden of the inspection process - more a question of maximising its impact on improvement. The current configuration of audit and inspection seems to mirror and reinforce departmental boundaries, and to militate against an integrated, citizen-centred approach.

'Despite the formation of the Wales Audit Office and good relationships with inspectorates, such as SSIW, it is clear that the burden of inspection is not decreasing and that costs continue to rise. ... added value in some areas is limited and in other areas the weight of inspection detracts from service delivery'

Written submission from the WLGA

3. 50 The different roles of inspection and support for improvement across the delivery system need to be clarified, and the balance of investment in each considered carefully.

Partnerships

3. 51 There is general support for the partnership model of delivery but great frustration at its limited impact. There is a widely held view that there are far too many partnerships and that they are not sufficiently effective in improving delivery, although we were told of some notable exceptions^{xix}. The way they work is too fragmented and they are too narrowly linked with their sponsor departments in the Assembly Government.

- 3.52 The problems with partnerships illustrate all the system challenges discussed above, including culture, capacity to contribute effectively, and central-local process that is not at all conducive to effective partnership working.

'It is often difficult to know where responsibilities lie within a partnership, who makes the decisions and who holds them to account. Partnerships often have a variety of funding streams, several management chains and they are accountable to different audiences.'

Written submission from the Welsh Language Board

- 3.53 The evidence confirms that we should not be surprised that partnership delivery is challenging. The problems inherent in the approach, as well as the complexity of the partnership map established since devolution, are well documented, including in the audit carried out by Cardiff University for the Assembly Government in 2003^{xx}. This estimated that there could be as many as 100 different partnerships at local authority level, depending on definition. There are also a range of joint delivery vehicles, required for example by the Objective 1 funding bids, and other sub local authority partnerships such as Communities First.
- 3.54 This analysis of the barriers to partnership was reinforced most recently in the national evaluation of community strategies commissioned by the Assembly Government, (see summary in Box 3.8).

Box 3.8

Barriers to co-ordination

Structural

- fragmentation of service responsibilities across agency boundaries, both within and between sectors
- inter-organisational complexity
- non-coterminosity of boundaries
- competition-based systems of governance

Procedural

- differences in planning horizons and cycles
- differences in accountability arrangements
- differences in information systems and protocols regarding access and confidentiality

Financial

- differences in budgetary cycles and accounting procedures
- differences in funding mechanisms and bases
- differences in the stocks and flows of financial resources

Box 3.8 (continued)**Professional/Cultural**

- differences in ideologies and values
- professional self-interest and autonomy
- inter-professional domain dissensus
- threats to job security
- conflicting views about user interests and roles

Status and Legitimacy

- organisational self-interest and autonomy
- inter-organisational domain dissensus
- differences in legitimacy between elected and appointed agencies

Source: Hudson and Hardy (2002)^{xxi}

3.55 These themes came through strongly in our evidence, particularly the compartmentalisation of partnerships and their lack of strategic impact. For example, the evidence of the Police Service in Wales expressed frustration at the limited impact of the Community Safety Partnerships, in tackling substance misuse and its impact on health, employment and community safety.

3.56 This is linked to the message we received on the wider context, including:

- partnerships are conceived in different parts of government, without sufficient understanding of how they will operate on the ground and how they are likely to interact with the existing delivery infrastructure;
- there is insufficient clarity about the outcomes they are there to deliver;
- there is insufficient ownership of their work by senior officers who have the power to implement change;
- they are working in a business context that makes partnership working very difficult, for example, if an issue is a top priority for one organisation but a lower priority for another, the chances of agreed action are slim.

3.57 Steps are being taken to improve the effectiveness of individual partnerships, including by clarifying roles and developing capacity, for example, the capacity support work by the University of Glamorgan to improve the effectiveness of older people's partnerships. This is constructive, but needs to be expanded to include a clearer direction for the overall structure in an area.

3.58 The complexity of the present partnership structure means that a great deal of staff time is spent on supporting process, and managing relationships between them. Each organisation contributing to partnerships is operating in a different accountability structure, with different types of incentives and sanctions and different kinds of relationships with the Assembly Government.

'...there is still a need for a more joined-up, holistic approach, as there are currently a number of different preventative schemes based on a number of different strategies that are often complementary, but sometimes contradictory.

Partnership silos can develop, leading to poor communication and duplication of effort. As a result of the plethora of partnerships, many senior staff ... cannot give due attention to some of these groups. It is a confused environment in terms of expectations..'

Written submission from Youth Offending Teams' Managers Cymru

- 3. 59 The challenge is to balance vertical, or within sector, accountability with horizontal accountability to other local stakeholders, as well as cross- sectoral accountability to the local population for the overall quality and effectiveness of services. Both dimensions are important and the system will not be effective if either is too dominant.
- 3. 60 A number of local authorities are adapting the partnership structure to improve local impact. Some have created an integrated structure with a single cross sector forum, involving the major public service stakeholders and the voluntary and private sectors steering all the service specific partnerships in their area.
- 3. 61 The challenge of creating effective partnership models is not unique to Wales. Similar problems have been experienced in Scotland, and in England the landscape is even more complex because local strategic partnerships cut across the responsibilities of different Whitehall departments. As discussed in Chapter 6, we believe that Wales can learn valuable lessons from this experience, but is better placed to develop a more joined-up approach, at both national and local levels.

Beyond the boundaries of devolution

- 3. 62 The boundary between devolved and non-devolved responsibilities adds to complexity. For example, the number of Home Office targets and funding streams which overlap with local community safety priorities is a major issue for local authorities.
- 3. 63 Problems can also be caused, even where policy priorities are consistent, where there is new legislation, initiated in Whitehall, which adds new administrative burdens for local authorities in Wales.
- 3. 64 The Welsh Assembly Government cannot always influence these pressures, but their impact needs to be understood and planned for in a whole system approach to local delivery. The consistent message from our discussions was that the people at the top do not understand the scale and complexity of new business requirements, emanating from both Cardiff and Whitehall, that local organisations are required to meet, and the ways in which these have an impact on local service delivery.
- 3. 65 Our recommendations on how to respond to the analysis in this chapter are set out in Chapters 6 and 7. The next chapter considers the strategic requirement for greater efficiency and effectiveness, and the capacity of the delivery system to respond.

notes

- i Local Government Act 2000 and Local Government Act 2003
- ii *The Review of Health and Social Care in Wales: The Report of the Project Team advised by Derek Wanless*, Welsh Assembly Government (2003)
- iii The Education and Training Action Group for Wales.
- iv *Citizens, Scrutiny and Public Governance*, Centre for Public Scrutiny (2005)
- v Directors of Housing evidence
- vi *Social services in Wales 2004-05, the Report of the Chief Inspector*, Social Services Inspectorate for Wales (2005)
- vii *Social Work in Wales*, Garthwaite, Tony (2005)
- viii Welsh Assembly Government, *Children and Young People: Rights to Action (2004); Designed for Life (2005); Strategy for Older People in Wales (2003)*
- ix *Wise about Waste: the National Waste Strategy for Wales*, Welsh Assembly Government (2002)
- x Directive 1999/31/EC on the landfill of waste.
- xi *Narrowing the Gap in the Performance of Schools Project*, Welsh Assembly Government/Welsh Local Government Association (2005)
- xii *Dyfi Valley Pathfinder Consultation Document*, ELWA 2005
- xiii *Dealing with the Complexity of the Benefits System*, National Audit Office (2005)
- xiv *Housing Benefit Administration in Wales*, Citizens' Advice Cymru 2005
- xv Fire Service, Police Authorities Wales' evidence. Monmouthshire County Council and Monmouthshire LHB have a Director of Joint Services Development
- xvi *Local Area Agreements: Guidance for Round 3 and Refresh of Rounds 1 and 2*, ODPM (2006)
- xvii Meeting with BT, March 2006
- xviii *Regulation and Inspection of Public Services in Wales*, National Assembly for Wales Local Government and Public Services Committee (2005)
- xix Disability Alliance evidence on LHB innovation
- xx *Partnerships between the public, private and voluntary sectors in Wales, final report to the Welsh Assembly Government Steering Group*, Bristow et al, Cardiff University (2003)
- xxi "What is successful partnership and how can it be measured?" in Glendinning, C. , Powell, M. and Rummery, K (eds) *Partnerships, New Labour and the Governance of Welfare* (2002)

Chapter 4: Making the Welsh pound go further

- 4.1 This chapter considers the capacity of the present delivery arrangements in Wales to make rapid progress in improving efficiency and thereby delivering better outcomes. It evaluates progress in respect of both:
- *doing the right things* - making the right policy choices and investment decisions, getting the best balance of services to achieve policy outcomes (*social efficiency*);
 - *doing things right* - getting the best value for money and achieving the desired impact from specific interventions (*technical efficiency*).
- 4.2 Improving efficiency is not about cuts; it is about finding new ways of providing services, either to improve performance, or to make savings (cashable or non-cashable) which can be redirected for investment in other services.
- 4.3 The search for greater efficiency is the greatest strategic challenge facing the delivery system. This is particularly pressing in Wales since the National Assembly has no powers to increase its resources over and above what is provided by the UK Government through the Barnett mechanism¹. It is imperative therefore to make the Welsh pound go further through a commitment, at every level of government, to efficiency and innovation as the means of service improvement.
- 4.4 In spite of growth in resources since 1999 (see Table 4.1 - Welsh Block 1999-2000 to 2005-06), public services in Wales face growing pressures, to improve services and to respond to currently unmet needs, in the context of future growth in resources which is unlikely to match that experienced in recent years.

	£ Billion						
	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Wales	7.00	7.40	8.40	9.20	10.50	11.10	12.00
% Growth		5.7%	13.5%	9.5%	14.1%	5.7%	8.1%

- 4.5 The organisations we spoke to understand this challenge, but the capacity to change existing models of provision is limited by the cultural and organisational constraints set out in Chapter 3.

Culture

- 4.6 The iron law of opportunity cost, that should galvanise the whole system, is not sufficiently powerful - in either the policy debate or the delivery system. Every inefficiency in the use of public funds is a denial of service to a member of the public: unmet needs will always be a reproach to our stewardship if there are opportunities to run services more efficiently, or to improve quality, personalisation and choice within existing budgets, which we are failing to grasp.
- 4.7 The citizen model places a much more substantial burden of responsibility on public service bodies to achieve an efficient resource distribution than does the consumer model. The latter makes the assumption that the combined impact of consumer choices will ensure that resources are allocated efficiently, with less need for government direction. In the absence of prevailing market mechanisms, the need for effective drivers for efficiency in the system is far more pressing.

Leadership

- 4.8 The present approach to efficiency is framed too narrowly and there is a financial blame culture. Local organisations blame the centre for not providing sufficient additional resources to make improvements, and the centre blames the locality for increased expenditure which may be outside its control, such as the impact of higher fuel prices on the cost of school transport.
- 4.9 Leaders are highly motivated by the audit process, and anxious to demonstrate high standards of technical efficiency, but there is less emphasis on social efficiency. There are considerable barriers to changing the balance of investment at both central and local level, including departmental ownership of budgets and a lack of analytical and strategic financial management capacity to challenge the status quo. The reliance on traditional models of provision, with very limited engagement with the third and private sectors, also constrains the capacity to innovate with new ways of meeting needs.
- 4.10 The debate is dominated by the public in contact with existing services, i. e. those who benefit, or believe that they benefit from them, and by those who currently provide services. This creates huge resistance to change. To overcome this, leaders at every level need to change the debate, to focus on the whole population, on the scope for greater impact, and on action across organisational boundaries and budgets.

Leadership across boundaries

- 4.11 A strategic approach to efficiency requires leaders to enhance capacity beyond the boundaries of existing provider responsibilities. Local authorities, and their partners in local health boards and other organisations, need increasingly to see their roles, not just as providers, but also as enablers, contractors, and co-producers with the public; as parents, carers and service users. Creating a mixed economy of provision increases capacity and creates new potential, for example, by expanding the role of schools, creating new models for meeting housing need and engaging individuals more effectively in health and environmental outcomes.
- 4.12 One of the major benefits of collaboration, across organisations and sectors, is that it encourages boundary shifting and increases the innovative capacity of organisations dramatically. Representatives of libraries, museums and arts bodies in Wales, where capacity is particularly stretched, told us of the benefits they have gained from sharing experience based on a shared mission of enhancing access, relevance and value to the citizen. As a result, citizens are getting a much better service without substantial increases in resources.

Organisational fragmentation and competition

- 4.13 This approach needs to be extended rapidly but it is greatly inhibited by the insular culture in many organisations. Few are demonstrating ambition in combining their resources, for example by co-locating staff, sharing assets or developing shared teams to provide services. The legal complexities of pooled budgetsⁱⁱ have become an excuse for not testing what could be achieved by joint decision making and shared service models within existing budget accountabilities.
- 4.14 The default mode is one of a large numbers of organisations trying to make short-term efficiencies on their own. The result is that soft targets are cut - including staff training and development, and recruitment is frozen. This approach concentrates on the margins, rather than grappling with the major driver of expenditure which is the pattern of front-line service delivery.
- 4.15 Budget pressures in one organisation lead to cost shunting, where an organisation or department does not act in the best interests of the citizen because of the impact upon its

budget. Examples includes delayed transfers of care between hospitals and the community, and arguments within local authorities about whether the costs of parents with special needs should be met from the education or the social services budgetⁱⁱⁱ.

4. 16 The history of social services staffing and recruitment documented in the report produced by the Association of Directors of Social Services^{iv} (see also Box 3. 2) underlines how short-termism and competition between authorities for staff has worked against service quality and efficiency. The use of agency staff in the NHS is a further example of short-termism militating against efficiency.
4. 17 This short-term, single organisation focus is self-defeating and self-limiting. To overcome it, organisations must raise their sights to much more long-term and ambitious approaches to efficiency, pulling together resources across organisations and driven by the citizen's experience.

Incentives and enablers for a more strategic approach

4. 18 Such collaboration is constrained by financial processes, including budget procedures and timescales. It is common practice to provide only a few months for complex bids to be submitted, which gives far too little time for any real engagement with partners or with the public.
4. 19 As discussed in Chapter 3, there is an Assembly Government commitment to the non-hypothecated model for funding local authority services as the best means of creating incentives for innovation and efficiency at local level. However, specific funding is still often targeted at detailed aspects of local delivery, without considering whether some other more strategic form of intervention, such as capacity development, or performance improvement support, might be more effective in achieving sustained change. The whole structure of funding earmarked for specific projects can undermine local ownership, prioritisation and value for money.
4. 20 The scope for joint initiatives at local level is also constrained by the different financial arrangements across services and sectors which have differing degrees of flexibility. These differences need to be reduced in order to facilitate joint strategies and shared service models of provision.
4. 21 Across sectors, the fact that budgets are set on an annual basis creates a short-term perspective that inhibits strategic planning and works against value for money. Both social and technical efficiency would be enhanced if the Assembly Government were to consider a more flexible approach to the annual revenue and capital budget planning cycle, across sectors. Increasing financial autonomy would greatly encourage local ownership of efficiency, and create stronger incentives for innovation, across sectors.
4. 22 The proposed introduction of three-year revenue and capital settlements for local government^v, and other changes such as the increased freedoms in respect of prudential borrowing and the new trading powers^{vi} are a vital step in this direction. However, evidence from England suggests that the extent to which authorities take advantage of new powers is constrained by the complexity of the regulatory framework^{vii}. This underlines the importance of pursuing a whole system approach in Wales, designed to develop innovating, problem-solving leaders at local level.
4. 23 The vision should be that organisations plan and manage public service resources much more strategically at local level, along with the third and private sectors, as a joint resource for achieving shared goals such as health, employment and environmental improvement.

Aligning budgets with future need and new models of service delivery

- 4.24 To support this, the capacity to challenge existing budgets needs to be strengthened at national and at local level. This means moving beyond the focus on individual budgets to challenge fundamentally the assumptions underpinning delivery models, and review priorities, effectiveness and outcomes. Budget allocations tend to be dictated by past practice, with insufficient focus on the efficacy of assumed implementation mechanisms.
- 4.25 To do this effectively, organisations need both the analytical capacity to formulate change proposals and the political leadership to implement them. Within the Welsh Assembly Government, the challenge capacity needs to be much stronger, and tied in more closely to challenge on policy and delivery. At local level, this analytical capacity needs to be shared across sectors, with an open book approach between local authorities, local health boards and other partners in order to identify shared challenges and opportunities, for example in relation to skills, workforce and infrastructure requirements.

Professional skills and expertise

- 4.26 Meeting the efficiency challenge also requires strong financial management capacity across public service organisations. The Chartered Institute of Public Finance and Accountancy's 'Financial Management Model' (CIPFA, 2004) identifies three roles which are essential to improving financial performance:
- Securing stewardship - control, probity, accountability and compliance.
 - Supporting performance - helping organisations to be responsive to customers, efficient and effective, enabling but also demanding, committed to improving performance.
 - Enabling transformation - strategic and future orientated, helping organisations to proactively manage change and risk, outcome focused and receptive to new ideas.
- 4.27 Public service organisations are, in general, very good at the first role. This is their traditional strength and it remains central to achieving all organisational goals. When challenged, they can also demonstrate financial management which supports enabling transformation. The role which is sometimes least well developed is that of supporting performance. This is essential to the challenge function, and needs to be developed as part of a wider approach to enhancing strategic capacity, both in the Welsh Assembly Government and in local delivery organisations (as discussed in Chapter 3).

Engaging with partners

- 4.28 Procurement and contracting skills are a key capacity constraint identified in the evidence. Organisations recognise that they need to create the capacity for more ambitious contracts and longer-term partnerships with the private sector to maximise value, for example, in school construction. This requires collaboration with others, both to share procurement expertise and to secure savings from larger contracts, as is happening in waste management as discussed in Chapter 3.
- 4.29 The key ingredient of success is the confidence and capacity to engage with partners (in the private or third sectors, or other public organisations) as an intelligent customer, forging a long-term partnering relationship geared to securing mutual gain, sharing efficiency savings and sharing risks. This involves negotiating to secure public value, rather than simply ensuring lowest cost.
- 4.30 To create the capacity to do this successfully, public services in Wales need to become more open to working creatively with the private and third sectors. At present, public service organisations are seen as reluctant partners, unwilling to discuss their requirements at a sufficiently formative stage to allow partners to engage effectively. Similarly, public service

providers see the private sector as focused on selling its product, and not always willing to invest the time required to identify and respond to complex client needs.

- 4.31 The way forward has to be much more open communication between sectors, with public services in Wales doing more to exploit their pivotal role as customer, and organisations coming together to create the big value contracts needed to secure big savings. Many parts of the public sector, for example local authorities using their trading and other powers, can also be contractors, selling services to others.

Supporting a strategic approach

- 4.32 Value Wales (see Boxes 4.1 and 4.2) is bringing practical expertise to support and co-ordinate procurement across sectors. This is a very important step in addressing the procurement skills gap and taking a strategic approach to procurement across the public services. It shows the Assembly Government providing leadership through capacity enhancement and helping local organisations to avoid duplicating effort. This should be taken forward at an even more strategic level - there is scope to exchange experience and expertise at national level with the other UK countries and beyond.

Tackling capacity and efficiency through shared services

- 4.33 Moving more rapidly to a shared service model of delivery is essential both to address capacity gaps and to achieve improvements in efficiency and effectiveness. The potential scope includes a spectrum from sharing professional leadership through joint posts, shared commissioning of specialist services and sharing corporate support functions.

Box 4.1

Value Wales Procurement Mission

To Deliver Smarter Procurement:

To work in partnership with the Welsh public sector as a catalyst to improve the value for money obtained from its procurement activities, thereby supporting the delivery of public services while benefiting the economic, environmental and social landscape of Wales.

- Formal target for Welsh public sector - £120 million efficiency savings from procurement by 2007-08.
- Internal Value Wales target - to facilitate £20 million savings from procurement by March 2006. By the end of March 06, £19.15 million savings had been realised.

Value Wales was established in 2004 as "a catalyst for change to seize VFM opportunities through smarter procurement, streamlining support functions and maximising value from capital investment".

Value Wales has built on the Welsh Procurement Initiative which since 2002 had worked across the whole public sector and brought local government, NHS Trusts, higher and further education and the Assembly Sponsored Public Bodies together to improve procurement.

Box 4.1 (continued)

Cross sector collaboration in procurement has delivered a number of benefits:

- the award of 7 framework contracts which have realised £14m or 28% of cash releasing savings, in PCs, telecommunications, stationery, care hire, recruitment advertising, training and photocopiers.
- a national procurement website which to date has provided the 14,000 registered suppliers with £1.2 billion of contract opportunities free of charge, increasing competition and access to opportunities.
- a national arrangement for a Welsh Purchase Card which has delivered £4m in process savings.
- a change in behaviour towards consistent best practice procurement, facilitated by guidance in areas such as sustainable procurement and e-procurement, and backed by the provision of over 1800 delegate days of cost effective training across Wales, and a programme of procurement fitness checks.

Box 4.2**The All-Wales Sourcing Plan - Value Wales****Sourcing Plan**

A recommended approach to procurement for all elements of the Welsh public sector; looking at which types of expenditure suit collaboration and which do not, recommending what fits best into a UK national, cross sector all-Wales, cross sector regional, single sector, and local organisational approach.

Objectives

- provide a strategic procurement approach to public sector expenditure;
- identify appropriate collaboration models for each main expenditure area;
- provide a clear forward plan (2-3 years);
- reduce duplication;
- release procurement resource to strategically important areas;
- focus Value Wales on areas of highest impact.

Examples of factors identified as affecting collaboration:

- nature of demand
- supply base structure
- operational and supplier risk factors
- level of spend
- current arrangements
- timing factors

Box 4.2 (continued)**Benefits identified include:**

- price reduction
- service improvement
- sustainable development impact
- risk reduction
- process improvement

4.34 At present each of the 22 local authorities (as well as a number of other organisations) run their own central finance and corporate support functions, including those listed in Box 4.3.

Box 4.3**Corporate support functions which could be shared between public service bodies and/or outsourced with the private sector**

revenue and benefits collection (including council tax benefit and housing benefit)

creditor and debtor management

estates management

payroll

members' allowances

travel and subsistence

grant payments

professional services, legal, design and architecture.

IT

procurement

human resources, recruitment, agency services, training, occupational health services.

4.35 These services could be shared between a group of organisations - through a number of possible models:

- contract with a private or public provider to provide some or all of the functions;
- lead provider - one organisation employs the staff and contracts to provide the service for one or more other authorities;
- joint venture - a group of public organisations combine to contract with a private or third sector provider to run the service for them;
- consortium of public sector bodies combining to share services.

4.36 Shared services is one of the most promising candidates for technical efficiency gains i.e. providing the same core service but in a more cost effective way. This will both:

- make cash gains for re-investment, for example, by reducing the staff needed to carry out routine functions and release them for other roles;

- make better use of staff time through more efficient processes - increasing turnover and improving service.
4. 37 The source of the efficiency gains could include a number of the following:
- simplifying and standardising processes around a common IT platform - here the private sector has extensive expertise;
 - procurement and contracting gains - several small IT contracts (in many cases with the same supplier for the same package) replaced by one large contract;
 - better use of existing staff expertise;
 - improved staff development - spreading training costs across larger numbers of staff.
4. 38 Combining a number of small teams dealing with, for example, council tax and housing benefit processing in local authorities, should also produce gains in service quality. Factors contributing to poor performance in this area include:
- loss of staff expertise when individuals move to another authority to gain a pay increase;
 - inadequate preparation and staff training ahead of the implementation of new regulations governing benefit eligibility;
 - a virtually constantly changing set of regulations^{viii}.
4. 39 These problems can have a huge impact on vulnerable people, as pointed out to us by the Citizens Advice Bureau^{ix}. Creating more specialist capacity, across a range of organisations, to provide more and better training, and more up to date systems, should improve performance, as well as securing savings for re-investment in service improvement.

Barriers to progress on shared services

4. 40 There is widespread frustration at the slow pace of progress, and there are significant barriers- as explained to us by the Society of Welsh Treasurers (SWT). These include a combination of cultural, structural and capacity issues:
- control: organisations prefer to control their own central functions and lack confidence that contracting with another authority or another provider will provide the level of service they need;
 - caution: authorities are aware of shared service projects that have gone wrong and are reluctant to risk similar problems;
 - capacity: organisations lack expertise in key areas e. g. skills to engage effectively with staff representatives, to evaluate workforce implications and to engage with the private sector to identify opportunities for innovation and mutual gain;
 - fragmentation: the barriers are multiplied when several organisations are involved, unless there is very strong shared leadership and co-ordination of decision making and scrutiny arrangements;
 - nervousness about the accountability of joint organisations.
4. 41 The SWT noted that, since local government re-organisation, shared service provision has reduced in some areas - authorities such as the police which used to share payroll services with the local authorities have moved to introducing their own systems.

Corporate support services in NHS Wales

4. 42 Progress has been more rapid in the NHS. The creation of the 22 local health boards gave a head start to the shared service model because it was recognised that it would not make sense for the 22 to duplicate the payment functions of the 5 health authorities. It was also

easier to merge the work of 5 organisations into 3 centres than it is to create shared service packages for groups of local authorities.

- 4.43 The north Wales shared services pilot will pool services across trusts, LHBs and the ambulance service in north Wales. This builds on the model established when the 5 health authorities were abolished and their contractor payment systems (GPs, pharmacists and optometrists) were taken over by 3 shared service centres which are managed by the Powys Local Health Board for the whole of Wales.
- 4.44 In view of the different accounting systems in the NHS and local government, the Assembly Government has taken the pragmatic approach of encouraging development across organisations within sectors, rather than across sectors within a region. This makes sense and is broadly the approach followed in England and Scotland.

Achieving more rapid progress

- 4.45 We discussed with BT the steps required to overcome the barriers to extending the shared service model in Wales. They identify the building blocks that need to be in place before organisations are ready to move forward on a shared services contract, as summarised in Box 4.4. Overcoming these requires very strong leadership at local and national level, to identify the benefits, ensure strong engagement with staff, and facilitate and broker the partnership and capacity support required. This is happening through constructive engagement between the Assembly Government, the WLGA and groups of local organisations. A similar approach is being pursued in Scotland, as discussed in a recent consultation paper.^x

Box 4.4

BT Shared Services Readiness Assessment

Workforce - the workforce understands the Shared Services (SS) strategy and is fully committed to it.

Governance and Management - an appropriate governance model has been developed to manage, direct and develop the Shared Services Organisation (SSO).

Technology and Service Management - the SSO has a technology and plan that supports its business plan and is representative of good practice for the delivery of shared services.

Leadership - the SSO has the right level of leadership to ensure it is developed and sustained thereafter.

Strategic Alignment - the SS strategy is aligned with the Agencies' business strategy.

Marketing and Business Growth - the SSO understands its target market and has well developed plans to engage new customers and grow.

Customer Engagement and Account Management - the SSO knows how it will engage its customers and manage its accounts.

Location - the SSO has finalised its plans for location.

Commercial Model - the SSO has a commercial model and plan that supports its business plan and is representative of good practice for the delivery of shared services.

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Efficiency, culture and citizen engagement

4. 46 Communicating effectively with citizens is essential, both to generate new ideas for front-line innovation, and to create the climate of service improvement and trust, in which major change can take place.
4. 47 Consumer and advocacy groups can produce long lists of ways in which the processes of public organisations can fail to do the best possible job for the public and spend money inefficiently, for example^{xi}
- bureaucratic authorisation and inspection processes for minor housing repairs- which could be supervised by tenants, subject to spot checks;
 - providing standard housing adaptations for elderly or disabled people which do not meet their needs;
 - introducing new tendering processes for care services which make it impossible for the third sector to engage clients in service design.
4. 48 Organisations which communicate effectively with customers and citizens are likely to identify these problems, find solutions and learn from them. By contrast, where there is a culture of protecting budgets, staff are not encouraged to take the initiative in reviewing practice, the risk of inefficiency and failure to adapt to changing customer needs and preferences is much greater.
4. 49 Engaging with front-line staff is essential because they are closest to citizens and customers. The Total Quality Management model recognises that improvements in performance arise from giving people on the front-line much greater control over detailed processes and encouraging them to suggest better ways of achieving outcomes. Public service delivery needs to be governed by a culture that encourages problem-solving behaviour at every level, engaging staff and citizens with the efficiency challenge - what are we trying to achieve and how can we achieve it more effectively with the resources we have?

Accountability to the citizen

4. 50 The fact that 80% of local authority expenditure is funded by the Assembly Government means that direct accountability to local citizens as taxpayers is limited. The scope for the Assembly Government to change this significantly is constrained, although the England and Wales context may change as a result of the outcome of the Lyons review^{xii}.
4. 51 It is therefore even more important for local organisations to demonstrate accountability for their stewardship of the total local budget, and to encourage citizens to share ownership of the choices which have to be made to maximise effectiveness across services and sectors.
4. 52 To support this, there needs to be much more transparency about the total resources available for an area, across the NHS, local government and other services, and how these are allocated on a needs basis to give each area its fair share of the total amount available.
4. 53 The aim should be to create a culture of local ownership of resources and local commitment to maximising efficiency in the interests of the area. This needs to be supported by an enabling financial framework as discussed above, with less fragmented budgets, greater flexibility on local delivery mechanisms and more effective central-local engagement, to provide constructive challenge and support local providers in achieving better outcomes in the unique local context.
4. 54 The behaviour which is currently rewarded is to focus on bidding for additional resources, often tied to prescribed solutions that may or may not be relevant to the particular problems experienced locally. Local priorities are distorted by funding imperatives which undermine accountability, efficiency and ownership.

- 4.55 There must be an on-going dialogue with citizens with the aim of creating a virtuous circle of efficiency leading to better outcomes, generating trust, creating openness to change and further improvement. This links the strategic challenge of efficiency with the wider delivery challenges discussed in Chapter 6.

notes

- i Public expenditure in Wales is linked via the Barnett Formula to England. Wales receives the appropriate percentage increase according to population levels and the extent to which it has responsibility for particular functions.
- ii 'Where there's a will, there's a way', Cirell, S and Bennett, J, Public Finance Jan. 2006, 17.
- iii Disability Rights commission evidence
- iv *Social Work in Wales*, Garthwaite, Tony (2005)
- v *Three Year Revenue and Capital Settlements for Local Authorities in Wales*. Welsh Assembly Government (2005)
- vi Local Government Act 2003
- vii *Draft Report of a baseline study for an evaluation of freedoms and flexibilities in local government: draft report for discussion*, Warwick Business School report to the Office of the Deputy Prime Minister, 2005.
- viii *Dealing with the Complexity of the Benefits System*, National Audit Office (2005)
- ix *Housing Benefit Administration in Wales*, Citizens Advice Bureau, (2005)
- x *A Shared Approach to Building a Better Scotland - A consultation paper on a national strategy for shared services*, Scottish Executive, 2006
- xi Welsh Consumer Council, Wales Council for Voluntary Action evidence
- xii *Lyons Inquiry into Local Government* Lyons, Michael, (2005)

Chapter 5: Supporting evidence on performance and satisfaction

- 5.1 Chapters 3 and 4 summarise the key messages which emerged from our discussions with stakeholders, and the written responses to our consultation. To provide an independent check on the messages that we received from these sources, we analysed three other sets of information about the performance of public services in Wales.
- recent reports by the inspectorates;
 - analysis of statutory performance indicators undertaken by the Centre for Local & Regional Government Research at Cardiff University;
 - a survey of public satisfaction that we commissioned from Ipsos MORI.
- 5.2 The picture which emerges from these sources is remarkably consistent with the messages in the earlier chapters: of generally inconsistent performance, and some areas of persistent concern. It therefore underlines the conclusions and recommendations that follow in Chapters 6 and 7.
- 5.3 This chapter also demonstrates the importance to the citizen model of having up to date quantitative and qualitative data about performance and public satisfaction. Information is, we believe, crucial: to engage citizens, to inform scrutiny and to inspire public services to innovate and improve. Our hope is that the information we have presented in this chapter will therefore help to provide a model which future analyses and surveys can build upon.

Annual reports of inspectorates

- 5.4 Recent annual reports by key inspectorates provide important insights into the current performance of public services in Wales. The Wales Audit Office's 2004-05 Annual Report on the Wales Programme for Improvement reported that overall performance is mixed. There have been improvements in services in a majority of councils, but there are, it says, several areas which give cause for concern. These include:
- school improvement services
 - children's social services
 - waste management
 - regeneration
 - housing quality standards
 - homelessness.
- 5.5 The report notes improvements in four key aspects of 'corporate performance': performance management, democratic renewal, sustainability and standards of conduct, but highlights the need for further improvement in: the use of e-government, developing effective partnership working, engaging with and focusing on the needs of service users, managing property and assets, effective leadership and workforce planning.
- 5.6 The report also raises a series of concerns about performance data. It notes that the Wales Programme for Improvement framework is now applied in different ways in different services and in different authorities. As a result, it is difficult to assess whether authorities are improving over time and almost impossible to compare performance across councils. This, it suggests, makes it difficult for authorities to obtain comparative data for their own use and fails to support public engagement. It is also suggested that this results in a lack of agreement between authorities about which indicators best summarise service and corporate

performance. This, in turn, makes it difficult to compare performance over time and between councils or to make meaningful comparisons with other parts of the United Kingdom.

- 5.7 As discussed in Chapter 3, the 2004-05 report of the Chief Inspector of Social Services welcomes steps taken by some authorities, the WLGA and the Association of Directors of Social Services to address significant weaknesses in social services that he had highlighted in previous reports. However, he also notes that the overall picture is mixed. Some authorities are making good progress in improving performance management and reshaping services; while others are making much less headway and finding it difficult even to maintain basic standards.
- 5.8 The Chief Inspector identifies a series of important challenges which he believes all authorities need to address:
- ensuring strong professional leadership for social services;
 - getting the basics of social work practice, assessment and care management, right on a consistent basis;
 - improving management information and management practice;
 - improving commissioning practice;
 - reshaping services to meet changing social needs;
 - recruiting and retaining sufficient numbers of suitably qualified and skilled staff;
 - putting in place more effective arrangements for joint working between authorities;
 - securing better co-operation and co-ordination across the whole of the public sector and with the voluntary, independent and private sectors.
- 5.9 He also notes the need for greater collaboration between the regulators and inspectorates overseeing public services in Wales and the importance of striking the right balance between: reducing the burdens placed on inspected bodies, and collecting sufficient information to provide public assurance and promote service improvement.
- 5.10 The annual report of the Chief Executive of the Care Standards Inspectorate for Wales for 2004-05 notes improvements in the quality of many services over the previous year; but report that service providers, practitioners, policy makers and commissioners needed to address problems relating to:
- basic care practices;
 - understanding the individual needs of users;
 - providing good quality support for staff;
 - being vigilant in safeguarding and protecting service users' interests.
- 5.11 The 2004-05 report of Her Majesty's Chief Inspector of Education and Training in Wales notes that overall standards are improving in many areas of education and training. Children under five are making good progress; there has been a substantial improvement in standards of teaching and examination and national assessment results in primary and secondary schools; particularly in mathematics and science in key stage 3 and Welsh in key stage 2 over the previous five years. The performance of colleges of further education is generally adequate or better, although standards vary too much across the sector.
- 5.12 However, she also highlights a number of areas of concern:
- results in key stage 3 mathematics remained unchanged compared to the previous twelve months and science results had declined;

- pupils' examination results at GCSE in key stage 4 had improved only slightly compared to the previous twelve months;
- too many young people continue to leave school lacking the basic skills needed to enter employment or further training. 7% achieve no more than one GCSE qualification at grade G or its equivalent;
- the amount of work with outstanding features in further education colleges had decreased whilst the amount of work with important shortcomings had increased;
- it was unlikely that schools would be able to achieve any of the Welsh Assembly Government's targets by 2007;
- although further education colleges had passed the national target for 18% of work to be grade 1 by 2007, they still had much to do to meet the target for 80% of work to be grade 1 or grade 2 by 2007;
- work-based learning was a major cause of concern with almost one-third of providers having shortcomings in important areas or many shortcomings overall (standards in courses in health, public services and care, and construction, planning and the built environment were particularly low).
- she reports that partnership working is increasingly important to ensuring that learners have access to the full range and highest quality of education and training but that there are significant shortcomings in the current partnership arrangements. In particular:
 - the strategic drive for change is often not clear or decisive enough;
 - too many developments are small-scale and have yet to bring about significant change in post-16 provision;
 - partnerships do not always have the resources or powers to bring about major change, for example by deciding where courses will take place and when they will stop;
 - the involvement of work-based learning providers and employers is often much weaker than the involvement of local education authorities and colleges of further education.

5. 13 The 2004-05 report of the Children's Commissioner for Wales welcomes progress in improving support services for parents at crisis point, but highlights continuing concerns about the lack of urgency in developing a strategic approach to tackling child poverty. He also expresses frustration at what he regards as slow progress in implementing the Child and Adolescent Mental Health Services Strategy, and notes specific concerns about access to appropriate services for 16-18 year olds.

Performance measures

5. 14 The second source of information used to assess the performance of public services was statutory performance measures. Comparing performance in Wales with other parts of the UK is important because public service providers need to benchmark their performance against the best in the public, private and third sectors. This is rarely an exact science, but it does not need to be. The important thing is that service providers are challenged and inspired to strive to match the standards achieved by the best in the UK and beyond.
5. 15 Comparisons over time also matter because the ability of the public to monitor the quality, responsiveness and efficiency of services is vital to the success of the citizen model.

- 5.16 We based our analysis of local government services on the statutory performance indicators because they:
- are collected in a reasonably consistent manner by all relevant service providers;
 - are subject to external audit and can therefore be taken to be reasonably accurate;
 - provide consistent data over a number of years and therefore allow longitudinal analysis;
 - cover most of the key services that our discussions with stakeholders highlighted as possible areas of concern;
 - focus primarily on outputs (as opposed to activity levels or throughputs) and include different dimensions of performance;
 - apply across the whole country and can therefore be used to measure performance at the all-Wales level;
 - are used in England as well as Wales and can therefore be used to compare performance between the two countries.
- 5.17 In all cases we used official published performance data, including information provided on the Local Government Data Unit's website. Similarly, for health and other non-local government services we used measures that have been collected in the same way over the five year period and, therefore, allowed analysis over time and comparisons with England.
- 5.18 In line with our terms of reference, and in the light of the particular concerns raised by stakeholders, we focused on performance measures¹ in most key service areas including:
- acute health care
 - primary health care
 - ambulance services
 - education
 - social services
 - housing
 - waste management
 - highways maintenance
 - planning
 - libraries
 - benefits
 - policing and community safety
 - fire services
- 5.19 In all these areas there are a number of possible indicators that could be used: our set was made up of those in respect of which data is available on a broadly comparable basis for the two countries. Although we would have liked to have also compared performance with Scotland, this was not possible because of the lack of like-for-like performance indicators in many key services.
- 5.20 There is of course no ideal comparator country for Wales. In theory, the best benchmarks at national level might be the performance of other relatively small western European countries (such as Finland or Denmark). However, these countries do not collect the same performance data as is used in Wales. At the moment, performance comparisons are therefore usually made with England which uses broadly the same measures. It would clearly

be useful if in future it was possible to extend comparisons to other countries which are of similar size and have similar socio-economic characteristics to Wales.

- 5.21 Comparing performance in Wales with the English average has only limited value because of differences in scale and demography. Research has shown that the performance of public services is strongly influenced by population characteristics (in particular the size of the population served; age structure; population density; the proportion of lone parents with dependent children; and ethnic diversity). We decided, therefore, to commission an analysis comparing data for Wales with that in a sample of 22 areas of England that are served by the unitary authorities which most closely match the socio-demographic characteristics of the 22 areas served by Welsh councilsⁱ.
- 5.22 We analysed performance at the all-Wales level and in the 22 comparator areas of England from 2000-01 to 2004-05 (the latest year for which audited data were available) and tested for statistically significant differences in performance. In cases where performance data were not available at the local authority level, we compared the performance of the relevant service providers in the 22 comparator areasⁱⁱ.

Health services

- 5.23 The results for health services were as follows:

acute health care - the incidence of average waiting times in excess of 12 months has been much higher in Wales than in the comparator areas throughout the last five years. Although long-term waiting decreased from 2001-02 onwards, it did so more slowly than in England, where waiting times of more than a year were eliminated altogether early in the period. Other categories of waiting time decreased in England from 2001-02 onwards, but rose in Wales until 2004-05ⁱⁱⁱ.

delayed transfers of care - there were slightly more delayed transfers in Wales throughout the whole period, but rates of improvement were broadly similar to those achieved in the comparator areas^{iv}.

bed occupancy rates - bed occupancy rates were lower in Wales than in England at the start of period, but increased over the five years. By 2004-05 the gap between Wales and the comparator areas had been almost closed.

GP List sizes - in 2000-01 GP list sizes were much larger in the comparator areas than in Wales, but they fell sharply over the following four years in the comparator areas whilst remaining largely unchanged in Wales. As a result, by the end of the period the gap between the two had narrowed significantly.

child immunisation and cervical screening - child immunisation rates were slightly higher in Wales and cervical screening rates were slightly lower throughout the five years. There were similar performance trajectories for both measures^v.

dental registrations - the pattern of dental registrations was broadly similar, except in 2004-05 when registrations decreased in Wales and increased in the comparator areas.

ambulance response times - response times to category A calls were slightly quicker in the comparator areas than in Wales in 2000-01. Performance in the comparator group improved over the five years but declined in Wales. As a result the performance gap widened. There was no significant difference in response times to other types of call^{vi}.

Local government services

5.24 The results for local authority services were as follows:

education - the proportion of children gaining five or more GCSE grades A* to C passes increased more rapidly in the comparator areas of England than in Wales. In 2000-01 a higher proportion of pupils gained five or more passes in Wales than in the comparator areas whereas by 2004-05 performance in the comparator areas of England was slightly better than that in Wales. However, the proportion of pupils attaining Level 4 or higher in English and Maths at key stage two improved more rapidly in Wales than in the comparator areas. Wales made less progress in reducing school exclusions and carrying out assessments for Statements of Educational Need, thus continuing to lag behind the comparator areas in respect of these indicators.

social services - the numbers of older people who were helped to live at home increased much more rapidly in Wales, but the numbers of care leavers with one or more GCSEs A* to G grades declined in Wales whilst improving in the comparator areas.

housing - there were just two comparable measures of performance in housing available - the numbers of unfit dwellings made fit and SAP (Standard Assessment Procedure) ratings (energy ratings of dwellings). The numbers of unfit dwellings made fit was higher in Wales in 2000-01 than in the comparator areas but lower by 2004-05. The numbers made fit in the comparator areas increased throughout the period whilst they declined in Wales. Average SAP ratings were lower throughout the period in Wales but they increased throughout the five year period at a similar rate to that achieved in the comparator areas.

waste recycling, composting and landfill - the rates of performance change in these services was broadly similar in Wales and the comparator areas.

highways maintenance - the mean score for the condition of non-principal roads improved much more rapidly in Wales than in the comparator group. By contrast the score for the condition of principal roads improved only slightly in Wales but improved very significantly in the comparator group.

planning - the percentage of standard searches completed in ten days increased in both groups. Performance in Wales started from a much lower base. It improved more rapidly than performance in the comparator areas but still lagged behind it by 2004-05.

libraries - visitor numbers increased more rapidly in Wales, almost closing the gap with the comparator areas by 2004-05.

housing and council tax benefits administration - the average time taken to process new benefits claims in Wales fell year-on-year and at a slightly faster rate than in the comparator areas. But because performance in Wales started from a significantly lower base in 2000-01 it still lagged behind that in the comparator areas by 2004-05. The average time taken to process changes in circumstances fell much more rapidly in Wales than in the comparator areas. But the number of renewal claims processed on time in Wales decreased, whilst it increased in the comparator group. The percentage of claims processed correctly and the rate of improvement in this measure was almost identical in the two groups. The recovery of overpaid benefit decreased in Wales and in the comparator group, although the decline was less marked in the former.

Police and fire services - services in Wales consistently outperformed their counterparts in the comparator areas in terms of most measures except violent crime. The rate of change in performance was broadly similar throughout the period.

Public perceptions of services

- 5.25 Our discussions with Welsh Assembly Government statisticians, officers at the Local Government Data Unit, and market research companies, demonstrated that there is relatively little data about public satisfaction with local public services in Wales. Unlike England, there are no national measures of public satisfaction with local government services, and there is apparently no requirement for hospitals in Wales to collect systematic data on patient satisfaction. Relatively few Welsh local authorities have conducted regular surveys of residents over a number of years, and there is no equivalent of the Scottish Executive's recent survey of 'Perceptions and Priorities for Government in Scotland', which included a series of questions about local authority services and satisfaction with the overall performance of councils and enabled satisfaction to be benchmarked against user satisfaction levels in England.
- 5.26 The Welsh Assembly Government has added questions on citizen satisfaction to the 'Living in Wales' survey for the first time in 2006. This is a very welcome step but, unfortunately, the results were not available in time to inform our review. We therefore commissioned a telephone survey of a representative sample of more than 1,000 residents to provide data on:
- public satisfaction with the overall performance of public service providers and a range of the local services that they are responsible for;
 - expectations of future change in the quality of services;
 - perceptions of how well the public is kept informed by local service providers^{vii}.
- 5.27 Data on public satisfaction across the UK cannot be disaggregated at the level of comparator areas. Rigorous like-for-like comparisons of the kind that were conducted on the statutory performance indicators are not therefore possible. Moreover, some UK wide surveys were conducted face-to-face which is known to produce lower levels of satisfaction than telephone interviewing. There is, however, one telephone survey: the MORI 'Delivery Tracker survey', which was undertaken at the same time as our survey and which therefore enables reasonably robust indicative comparisons to be made.
- 5.28 Details of the full results of our survey, together with indicative comparisons with the rest of the UK are contained in a technical annex on General Public Satisfaction with Public Services in Wales Survey, which is published on the Welsh Assembly Government website. The results are summarised below.

health services - as in the rest of Britain, there are high levels of net satisfaction + 65% in Wales with the NHS (78% of respondents reported that they were satisfied and 13% said that they were dissatisfied), and with GPs (+80% - 87% satisfied and 7% dissatisfied), NHS Hospitals (+60% - 73% satisfied and 13% dissatisfied) and ambulance services (+41% - 43% satisfied and 2% dissatisfied). In spite of longer waiting times in Wales, net satisfaction rates for these health services are at least on a par with, and perhaps slightly higher, than across Britain as a whole.

overall performance of local authorities - net satisfaction with the overall performance of local authorities is +40% (60% satisfied and 20% dissatisfied). This is slightly lower than the UK average, and significantly lower than that achieved by the best performing unitary authorities in England, which have satisfaction rates of around 80% and net satisfaction scores of 70%. Research by MORI suggests that, taking into account the levels of deprivation in Wales, most Welsh authorities should be able to achieve satisfaction rates of at least 70% and net satisfaction of at least 50%. There does therefore appear to be scope for improvement if, as we believe they should, service providers in Wales are aspiring not just to match mean scores elsewhere in the UK but to be among the best.

local authority leadership of the local area - 59% of respondents said that they were satisfied with their local authority's efforts to make the local area a good place to live in, compared to just under a third (29%) who were dissatisfied with this.

universal local authority services - the highest levels of satisfaction were with some of the most visible universal local authority services including refuse collection (88%), street lighting (83%) and street cleaning (68%). Just over half of respondents were satisfied with council tax collection. Satisfaction with pavement and road maintenance was slightly lower (50% and 46% respectively). In most cases, these figures are comparable to mean satisfaction scores in England, but much lower than those achieved by the very best performers.

non-universal local authority services - the highest levels of satisfaction among the general public in respect of non-universal services were with recycling (77%), libraries (76%) and parks and open spaces (71%). The lowest scoring services were social services (17% for children's social services, 22% for services for adults), council housing (20%), planning applications (22%) and youth clubs (23%). These low scores reflect the fact that only a small proportion of the population has direct experience of them. Satisfaction among users of these services was much higher. More than 80% of users of schools and nursery schools, museums and galleries, sports facilities, parks and open spaces, and recycling were satisfied with them. With the exception of planning, net satisfaction among users of non-universal services compares favourably with England.

police - fewer than half of respondents (47%) were satisfied with the policing of their areas, but only 15% were dissatisfied (net satisfaction was +32%). The best available comparable data on satisfaction with policing in Britain as a whole comes from the People's Panel in 2002, which suggests that satisfaction with policing across Britain at that time was at about the same level as in our survey.

fire - more than a third of respondents (36%) were satisfied with fire services; none were dissatisfied. There are no recent comparable data about satisfaction with fire services across Britain as a whole of which we are aware.

public transport - 50% of respondents were satisfied with local bus services and 38% with train companies. Data from the People's Panel suggest that four years ago satisfaction with these services was lower across Britain as a whole.

Department for Work and Pensions (DWP) and Jobcentre Plus - 38% of respondents were satisfied with the DWP and 19% with Jobcentre Plus. Net satisfaction was +29% and +14% respectively. Data from the People's Panel suggest that satisfaction with these agencies in Wales is on a par with levels in the rest of Britain (although the evidence does not allow definitive conclusions to be drawn).

Expectations of improvement

5.29 In addition to gauging satisfaction with current services, our survey asked respondents whether they expected public services to improve over the next few years. Previous research has shown that the Welsh public has higher levels of expectation of future improvement than exists in England. The results of our survey confirm this. Detailed tracking of public expectations in England has shown a marked decline in expectations of future improvement over the last year; in all services except public transport. With the exception of the NHS, the Welsh public seems not to have followed this trend, and there is a greater level of expectation that services will improve in Wales than across Britain as a whole.

health services - only a quarter of respondents expected that the NHS will improve; 43% said that they expected that it will get worse. Nevertheless, this is a slightly more positive perception than exists across Britain as a whole.

education - 38% of respondents believed that the quality of education in Wales will improve and just 18% thought it would deteriorate. This compares favourably with expectation levels across Britain as a whole.

the quality of the environment - 39% of respondents expected that the quality of the environment will improve, although 28% expected that it will get worse. This too is a higher level of expectation of improvement than exists across Britain as a whole.

public transport - 30% of respondents expected that public transport will improve and 22% expected that it will get worse. This also compares favourably with Britain as a whole.

social services - 21% of respondents thought that social services will improve and 14% that they will deteriorate. Most did not offer a view either way. There are no reliable comparable data for Britain as a whole.

policing - slightly more respondents (28%) believed that policing will get worse than thought that it will improve (25%). In contrast to other services, these expectations are slightly less positive than across Britain as whole where 23% of the public respondents expect police services to decline.

Public awareness

5.30 The survey also asked respondents about how well providers kept them informed about the services that are available. Overall, the findings suggested that the public in Wales feels less well informed about services than do people across Britain as a whole.

NHS hospitals - 43% of respondents believed that they were well informed about the services provided by NHS hospitals, but 48% reported that they were not well informed.

GP services - almost two thirds (64%) of respondents reported that they were well informed about GP services; 31% said that they were not well informed.

ambulance services - only 24% of respondents felt well informed about ambulance services compared to 40% who did not believe that they were well informed.

local authorities - 56% of respondents reported that they were well informed about local authority services, but 39% said that they were not. This level of net awareness compares unfavourably with English unitaries and is a long way short of the levels achieved by the best performing councils in England.

police - only 31% of respondents felt well informed about policing and half (51%) said that they were not well informed.

fire - 28% of respondents believed that they were well informed but 39% that they were not.

public transport - 39% of respondents believed that they were well informed about local bus services. Only 26% said that they were well informed about train companies. In both cases 45% of respondents said that they were not well informed.

DWP and Jobcentre Plus - 31% of respondents believed that they were well informed about the DWP, but 36% believed that they were not. 19% believed that they were well informed about Jobcentre Plus but 26% said that they were not.

5.31 The two services about which the public in Wales feels least well informed - train companies and policing - are also those that had the lowest satisfaction ratings. It is also noteworthy that the public in Wales is both less satisfied with the overall performance with local authorities and feels less informed about their activities than do people across Britain as a whole. Both findings confirm evidence from a range of other surveys of a strong correlation between public satisfaction and the extent to which people feel well informed by service

providers since this will enable them to access them and benefit from them. This finding highlights the need for public service providers in Wales to keep the public better informed than they do at present.

The need for better performance information

5.32 Publicly available performance information is a pre-requisite for the success and sustainability of the citizen model of public service provision. Without such information, it will be impossible to generate the well-informed and mature public debate that is needed to convince the public of the necessity of re-configuring services in order to secure high quality, efficient provision fit for the twenty first century. Wales is well placed to pioneer an approach that makes positive use of performance data to make comparisons over time and between organisations, but in order to achieve this service providers must be willing to collect and publish much more useful comparative performance data that is currently available.

5.33 Collecting too much performance information can impose too great a burden on service managers and distract from the core task of service delivery. This is a criticism often levelled at the performance management regimes which operate in England, and there is an understandable desire in Wales to avoid the imposition of similar 'top down' performance frameworks. The Wales Programme for Improvement emphasises the importance of self-assessment and self-governance, and this approach has a number of strengths. It respects the autonomy and democratic mandates of local authorities, enables local service providers to tailor services to local priorities and needs, and is more likely to encourage local ownership of the need for improvement. However, it also has significant drawbacks. In particular the lack of clear, relevant, publicly available data on performance:

- militates against the citizen-centred approach to service improvement;
- creates an impression that service providers are reluctant to be held to account by the public and leaves them at the mercy of (sometimes inaccurate) media reporting of comparative performance;
- makes it more difficult for users to seek redress where services fail;
- militates against informed public debate about future policy options and choices;
- decreases the chances of identifying, celebrating and sharing good practice from excellent services;
- increases the risk that mediocre performance will not be challenged, poor performance will go undetected and that (often vulnerable) users will not receive the quality of services that they have a right to expect.

5.34 These are key issues to which we return in our final two chapters.

notes

- i Details of the comparator areas and the statistical methods we used are given in the technical annex which accompanies our report and is available on the Welsh Assembly Government's website. [http://new.wales.gov.uk/about/strategy/makingtheconnections/localservicedelivery/?jsessionid= 668B62012677B4B71A80490C49F47472.www2?lang=en](http://new.wales.gov.uk/about/strategy/makingtheconnections/localservicedelivery/?jsessionid=668B62012677B4B71A80490C49F47472.www2?lang=en)
- ii Details of the methods we used and full results year by year are given in the technical annex which accompanies our report and is available on the Welsh Assembly Government's website.
- iii The waiting times were constructed by adding data for inpatient and outpatient treatments. Broadly the same measures of waiting times for inpatient and day case treatments are used in Wales and England. But the data on outpatient attendances are not strictly comparable because the measure for Wales includes written referrals by General Practitioners and consultant to consultant referrals whereas in England it includes only written referrals by GPs. (GP referrals account for just under 80% of total referrals).
- iv In Wales this measure includes all patients experiencing a delayed transfer within and into health care per 10,000 population aged 75+. In England it is calculated as the rate of patients occupying beds experiencing a delayed transfer.
- v The target group for cervical screening in Wales is women aged 20-64. The target group in England is women aged 25-64.
- vi The target time for calls is one minute longer in rural areas of Wales than in rural England (19 minutes compared to 18).
- vii The survey was conducted between 7th and 23rd March 2006 by Ipsos MORI using computer aided telephone interviews. Quotas were set by local authority area and by gender, age, working status and housing tenure, to the known population profile using 2001 census data. Results were weighted by these variables to ensure that they were representative of the population of Wales.

Chapter 6: Conclusions: principles for achieving citizen-centred delivery

- 6.1 This chapter presents the conclusions of our review and sets out the analysis which underpins the recommendations in Chapter 7.
- 6.2 The chapter calls for transformational change across the whole system of government in Wales, and identifies the factors critical to successful implementation.

Strengths and barriers in the Welsh delivery system

- 6.3 In Chapter 3 we identified the strengths of the Welsh system including: scale, commitment to partnership, co-terminosity at local level, and common purpose in support of the citizen-centred model of delivery advocated in *Making the Connections*.
- 6.4 We also found a number of barriers that need to be overcome in order to reap the potential benefits of the Welsh context. We summarised these in Chapter 3 as problems of organisational culture, capacity and complexity.
- 6.5 These problems extend across public services in Wales - including both devolved and non-devolved bodies. They stem in part from an organisational structure inherited from Whitehall, with its complex legacy of statutory and non-statutory requirements on local organisations. This structure is ill suited to the distinctive context and policy agenda in Wales, and imposes high transaction costs on the Welsh budget.
- 6.6 Many of these issues are already widely recognised - the fact that our review was commissioned with such an open remit testifies to the commitment in Wales to face up to the changes required to secure fundamental improvement in services. And there have been important developments in thinking and action whilst our review has been going on.
- 6.7 Yet, in spite of encouraging signs, there is a need for a much more rapid and far-reaching transformation in public services than has been achieved to date. Our report is designed to support and guide the change that is already underway, whilst encouraging a much more ambitious and accelerated process of transformation in the future.

Vision of small country governance

- 6.8 We believe that Wales needs to embrace a much more ambitious vision of the future of public service delivery and governance, which builds on the huge potential advantages available to a small country. Wales should learn from other small countries and become a benchmark for delivering flexible, citizen-centred local services.
- 6.9 To reap these benefits, the key driver of change has to be local pride, ambition and accountability - with all public service bodies using their joint resources to secure better outcomes for citizens in their area.
- 6.10 The role of the Assembly Government should be to design and lead a delivery system which enables and supports this vision. This means moving from the traditional, detached central government role of issuing strategies, regulations and targets to far more engaged leadership of the delivery process.
- 6.11 The scale of Wales makes this possible, through direct communication between the Assembly Government and local organisations, supported by more streamlined procedures, more joint delivery of public services, more flexibility of organisational structures, and more effective engagement with the citizen.

Structural re-organisation not the answer

6. 12 The traditional response to the capacity problem would be to re-organise units of service delivery with the aim of concentrating leadership and managerial capacity in a smaller number of local organisations.
6. 13 Although many people told us that the number of small organisations is a problem, very few argued for the kind of major structural change that took place in 1996ⁱ and 2003ⁱⁱ. Most acknowledged that re-organisation of this kind would be very disruptive and expensive, and would risk being seen as an alternative to the more fundamental change which is needed. The risk would also be that re-organisation could diminish capacity - if experienced leaders and innovative managers decided to leave Wales.
6. 14 More importantly, there is no evidence that simply changing structures would achieve the changes in inter-organisational relationships, organisational cultures and individual behaviour that are needed. Indeed, the record of previous structural re-organisations across the world suggests that it may well have the opposite effect. Nor is there any clear correlation between size and performance - some of the smallest authorities in Wales provide some very good services, whilst some of the largest councils have struggled to achieve acceptable standards in some key services.

Change to meet need

6. 15 This does not mean that there should be no change in current structures. Action is needed urgently to tackle capacity constraints and share expertise across areas and sectors. This should be achieved through a number of models, including:
- consensual mergers of two or more organisations, within or across sectors, for example on the Clackmannanshire and Stirling modelⁱⁱⁱ where two small local authorities agree to adopt a shared management team for all services, while retaining a separate identity for each authority;
 - much more joint provision of a number of front-line services by two or more local authorities and/or other organisations, through a shared directorate or lead provider model - this is already happening^{iv} in a number of services but needs to become far more widespread;
 - much faster development of joint provision of corporate support services, through the shared services models as discussed in Chapter 4;
 - joint provision across sectors, for example, health and local government, through joint appointments, pooled budgets and the creation of joint operational vehicles such as care trusts;
 - joint provision of specialist analytical and challenge capacity, such as support for scrutiny and analysis and commissioning of services, across sectors;
 - creating stronger, managed networks of professionals and administrators to pool skills and expertise across organisations.
6. 16 There is no single template for the whole of Wales - change must be driven by local leadership, supported, but not imposed, by the Assembly Government. The case for a closer association between local government and health is particularly strong. Expectations of joint commissioning, provision and scrutiny should be ambitious. More ambitious models should be encouraged, as a minimum there should be joint health and social care scrutiny. Local authorities should learn from, and contribute to, current discussions to develop joint commissioning by local health boards.

6. 17 This approach is much more challenging than simply imposing new structures. It places greater demands on leadership at national and local level, to put in place and manage a mosaic of delivery arrangements, designed to achieve the balance between local access and specialisation, and between diversity and minimum standards, that best serves citizens.
6. 18 This challenges all delivery organisations to focus their energy immediately on change that will deliver performance improvement. And if significant improvement is not achieved, the pressure for structural re-organisation will increase and the viability of the citizen model itself could be undermined.

Transformation to deliver for citizens

6. 19 The message that has emerged loud and clear from our work is the need to tackle the barriers to delivery across all parts of the system. This means looking beyond the boundaries of organisations and sectors, to transform the way our public services work and perform. Such transformation depends on four critical success factors:
- citizen engagement
 - delivery
 - partnership
 - challenge

Citizen engagement

6. 20 The first critical success factor is citizen engagement. The development of the relationship between citizens and public services must be pursued effectively and urgently, in order to achieve the proper balance between the *consumer relationship* - making demands for improvement in specific services, and the *citizen relationship* - demanding the best balance of services for all citizens in Wales.
6. 21 A commitment to continuous improvement means embracing change in service delivery mechanisms, including new models of care, new roles for staff, new working patterns and using facilities differently. Implementing such change successfully requires a relationship of trust between service providers and citizens: in many areas the present relationship is not sufficiently strong to support radical change.
6. 22 To overcome this, the mechanisms for informing and engaging the public need to be transformed, including by making more effective use of all available media to improve access to both information and services. E-government is central to this, and should be the focus of much greater ambition in Wales.
6. 23 Engagement with the citizen needs to be much more professional, with capacity and expertise shared across local organisations. There should be a continuously developing relationship between service providers and citizens, rather than contact only when major change is proposed. Citizens should see the whole public service network, and its partners, working together to improve their area, thus strengthening confidence and trust.
6. 24 At present, the public is ill-informed about the changes that need to be made, in hospitals, schools, colleges, housing and other sectors, in order to secure high quality services tailored to individual needs and preferences. Politicians, managers, clinicians and other professionals need to play a much more active role in explaining the benefits of change and the opportunities that will be lost if Wales is held back by attachment to out-dated models of provision.
6. 25 The leadership challenge is to frame the debate in a long term perspective: encouraging the public to focus on the impact of economic and social change, demographic change and climate and environmental change on needs and service provision. Leaders should emphasise

that this is a cross sector agenda, which requires all local organisations to support each other to achieve change.

- 6.26 Information is a key component of trust and confidence in public services, as underlined by MORI's research for the Local Government Association in England. There needs to be more and better information to help citizens identify excellent performance, within Wales and elsewhere. We therefore believe that Wales should embrace comparative performance information, and give priority to making it accessible and relevant in order to stimulate local ambition.
- 6.27 There also needs to be more investment in understanding citizens' views - this is a high priority for many private sector businesses, but is often neglected by public service bodies. We welcome the fact that the Assembly Government is doing this through a new comprehensive annual survey of satisfaction with services in Wales. This should be used and supplemented by local organisations to engage citizens in choices about the future, and to inform plans for improved delivery.
- 6.28 Credibility and reputation depends on this continuous dialogue with well-informed citizens. This should include simple and speedy processes for complaint and redress. Organisations must be mature enough to apologise when things go wrong, put things right and provide suitable redress.

Delivery

- 6.29 The second critical success factor is delivery. The present system tends to be strong on policy development and on compliance, but far from uniformly so on delivery. The constant refrain from our witnesses, and borne out by the performance data, is that delivery is patchy. A transformed public service model fit for the 21st century must be every bit as strong on delivery as on policy and process.

leadership

- 6.30 Leaders need to create a culture which emphasises achieving results across organisational boundaries. They should provide the citizen-centred challenge, ambition and commitment to innovation which drives excellence. This means creating the right framework of incentives and rewards, and a consistent and proportionate approach to performance management across sectors.

proportionality

- 6.31 Achieving excellence in delivering personalised services to the citizen requires a new, proportionate approach to managing performance, that embraces diversity and innovation. We are advocating less bureaucracy and more differential, better informed challenge. Proportionality should be the guiding principle in system design: give those organisations which are performing well the freedom to do more and better, by reducing the burden of compliance with process. For organisations which are struggling: provide constructive and well-informed challenge, with clear routes to support for improvement.
- 6.32 The present delivery system is still largely based on 19th and 20th century models, which were designed to give priority to probity, consistency and standardisation in service provision. But the personalisation and flexibility now needed, to keep public confidence, and respond to changing needs, will only come from innovation and variety. This will flourish only if performance is outcome focused, and not micro-managed.
- 6.33 Central government has to let go of the detail, to unleash this creativity at local level. In a small country, it should be possible to ensure quality control without resorting to micro-management and standardisation, because every provider is visible, and the performance and

audit data, both qualitative and quantitative, are sufficiently manageable to form the basis of an engaged and proportionate performance challenge relationship.

- 6.34 We recognise that embracing diversity may well lead to greater local variation in standards - in the short-term. But the freedoms which lead to faster improvement in some areas will create the role models, the good practice and the levelling up that is required to drive excellence, instead of consistency at a lower standard.
- 6.35 To keep this diversity in balance with equity at a national level, there does need to be a limited number of key minimum standards and service entitlements. These should be negotiated between the Welsh Assembly Government, the WLGA and other stakeholders, as a set of core standards which it will be the responsibility of local service providers to deliver, in ways most appropriate to their locality, and with strong encouragement to go beyond the minimum.
- 6.36 The proportionate model must be followed consistently in central-local relations. There must be fewer central controls on local service providers, and more support for improvement. The balance must shift from process to outcomes. Above all, local organisations must take responsibility for holding themselves to account, demonstrating a commitment to excellence and publicising this to local citizens. This is the single most important driver for improvement.
- 6.37 The Assembly Government should engage with Whitehall departments to encourage a similar approach towards delivery organisations in Wales. This will require Whitehall to accept greater flexibility, for example on policing targets, to better integrate with local services and improve results in responding to local priorities.

system design

- 6.38 Every aspect of the system - culture, behaviours, business process, performance management, finance, audit and inspection systems - must fit with the vision of improvement driven by local pride and ambition, with effective, proportionate challenge. The structure and processes of each sector, from top to bottom and from bottom to top, must be designed to form part of a coherent whole, which supports integrated, citizen-centred policy and delivery. To this end, local authority consent regimes should continue to be reviewed and rationalised to eliminate unnecessary processes.
- 6.39 Finance systems across sectors must be more closely aligned, to enable local organisations to take a strategic, long term view, with consistent planning and budget cycles, and increased flexibility on funding mechanisms, and financial procedures such as virement and carry-forward across financial years. Citizens, and their representatives, should be able to understand clearly how much funding in total is coming in to their area, how these funds are spent and how they could be spent differently. The finance system should be simplified, reducing the multiplicity of funding streams discussed in Chapter 3, in order to support innovation and accountability. The aim should be to manage resources across organisational boundaries to maximise the benefits to local citizens.

integrated policy and process

- 6.40 The strategic policy direction set by the Assembly Government needs to be underpinned by consistent implementation. The time and resources invested in planning and implementation must be realistic. The Policy Gateway^v process is a step in the right direction, but policy development needs to pay much more attention to implementation process - to deploy resources across sectors to tackle inter-connected issues such as skills, employment and health. This is particularly crucial in respect of cross-cutting challenges such as responding better to disadvantaged and minority groups. Fragmented policy and implementation, at both local and national levels, currently militates against this.

6. 41 Business process requirements - conflicting targets, timescales, deadlines - which get in the way of local problem solving must be changed or removed. The aim should be to enable and facilitate - not to micro manage. Any tensions in central policy aspirations, or process requirements, which create tensions in local delivery, need to be identified and resolved at the design stage. This requires open, two-way, communication between the Assembly Government and local organisations, in a joint effort to reduce complexity and enhance the impact of policies.
6. 42 There needs to be a concerted effort to make business processes simpler and more conducive to local collaboration. The Assembly Government should subject process design to fundamental review through 360 degree appraisal (which asks everyone involved how well the processes, not the individuals, work and how they could be improved) to achieve better results and reduce tension and conflict.

managerial and workforce excellence

6. 43 The aim should be to attract and develop confident and effective managers, with the scope, motivation and capability to improve services in innovative and cost effective ways. There is a need to encourage appropriate risk taking, and to create a climate where people learn from, rather than cover up, mistakes or shortcomings. Risk must be analysed and managed, but risk aversion can stifle improvement. Politicians, managers and staff need to be active in seeking out ambitious new approaches and best practice from elsewhere. The capacity to build new relationships with the citizen, and with a wide range of other providers, should be part of the core skill set of all public service managers in Wales.
6. 44 The drive for excellence should permeate every level of delivery, and should be celebrated at every opportunity, so that citizens can see front-line staff taking pride in their jobs. Leaders, both centrally and locally, should create a process of sustained engagement with staff which enables change through engagement. The Assembly Government's workforce forum established in response to an initiative from TUC Wales is a good example of this.
6. 45 Workforce planning is at a very early stage in many organisations, and is severely constrained by a sectoral and short-term focus, based on existing patterns of service. This needs to change rapidly in the next five years, with planning across delivery sectors to ensure a coherent approach to skills shortages and innovative ways of recruiting and training people. A skilled, motivated, energetic workforce: from refuse collectors to chief executives, from care assistants to consultants, from receptionists to radiologists is crucial to making public services in Wales amongst the best in the world.
6. 46 PSMW and NLIAH have begun developing the skills of managers and leaders. Jointly they must accelerate this process to equip them with the skills to operate effectively in the Welsh public service of the 21st century. The first ever Welsh public services summer school in June 2006 brought together managers from across the public services, to learn together, and thus promote all of the critical success factors we have identified. It is imperative to build on this positive start and develop it rapidly, through more joint activity and closer working. The aim should be to create a cadre of leaders who can move between sectors, and stimulate innovation and learning across organisational boundaries.

strong scrutiny

6. 47 Scrutiny should be a strong lever for improving delivery and it should work across organisational boundaries. This means designing an inclusive scrutiny process that is non party-political, involving elected members, citizens, advocacy groups, non-executive directors, non-officer members and professional experts. Scrutiny in the National Assembly and at local level should be forward looking as well as reactive, the whip should not apply, and all public bodies, the non-devolved services and third sector bodies, should be required to participate.

6. 48 The National Assembly needs to be a model of citizen-centred scrutiny. It is developing its expertise to fulfil this aspiration, but should now increasingly take a cross-cutting approach and may need to re-structure to facilitate this. It should take a whole-system, citizen-centred approach to scrutiny, focusing on service improvement, across devolved and non-devolved services (such as the National Offender Management Service, Wales) and their efficiency and effectiveness. The new powers in the Government of Wales Bill provide an opportunity to take this forward.
6. 49 Scrutiny at local level should extend to all services, devolved and non-devolved, and involve a broad spectrum of stakeholders. Organisations should share scrutiny support capacity and expertise, including analytical capacity, and should publicise scrutiny as a means of citizen engagement and policy development. There needs to be increased investment in developing challenge skills across local authority elected members, non-executive directors and members of governing bodies.

regulation and inspection

6. 50 Scrutiny, performance management, regulation and inspection should form a coherent force for improvement. There is a very widespread sense that the burden of regulation and inspection (not just the cost of the inspection agencies, but also the resources required to comply with the inspection processes) is out of proportion to its impact on improving service delivery. Again, proportionality should be the driver which determines the approach.
6. 51 This has been addressed by the National Assembly's Local Government and Public Services Committee^v, and some steps are being taken to improve co-ordination between the inspection agencies, including the creation of a senior forum to review the overall impact of the process across sectors.
6. 52 But there still needs to be a better balance between: inspection, self assessment, peer review, and support for service improvement, as well as much greater clarity about roles and responsibilities for these functions. In Chapter 7 we recommend that the impact of the forum in achieving this, and in ensuring a reduced burden of inspection, be reviewed in three years to see if sufficient change has been achieved.

closing the delivery gap

6. 53 The joint delivery model requires the Assembly Government, in partnership with the WLGA and other stakeholders, to take an active leadership role across organisations where progress depends on joint planning and delivery. This is already happening on waste management, discussed in Chapter 3, through brokering shared arrangements, and putting in place expert legal and procurement capacity, supported by the Making the Connections Improvement Fund.
6. 54 This 'what does it take' leadership role needs to be enhanced wherever progress is hampered by organisational boundaries. For example, there is an urgent need for action to improve quality and choice in post-14 education and training, but the independence of schools, colleges and local authorities, creates huge barriers to change.
6. 55 This needs to be tackled through an agreed process to ensure that national strategy is implemented locally. We recommend giving the Spatial Plan committees an explicit delivery challenge role which should be strategic, not micro management, and led by Ministers, including progress chasing, brokering and negotiation to overcome barriers and speed up progress.

more diversity in delivery

6. 56 In order to achieve a step-change in performance, Wales needs to embrace a more mixed economy of provision. The search for citizen-centred solutions must include genuine and open partnership with the private and third sectors, as a means of enhancing innovation, expertise and delivery capacity. There should be investment in developing the capacity of the third sector to support this. The role of town and community councils in the delivery of some local services should be considered as a way of enhancing capacity and citizen voice.
6. 57 This mixed economy should be based on a level playing field, where local authorities can, and should, provide services where they are best placed to do so, or where public service provision needs to tackle a private monopoly or gap in service. Local authorities should take advantage of their new trading powers to sell their services, on a competitive basis, to other public organisations and the wider market.

Partnership

6. 58 The third critical success factor is partnership. Partnership is difficult and needs the investment of time, resources and leadership, but it has a key role to play in delivering significant improvement in services. To achieve this, the whole architecture of public services, and the culture, skills and behaviours of those who work in them, must be made more conducive to shared delivery.
6. 59 For partnership working to make a real difference, politicians are going to have to be willing to go much further in pooling sovereignty with other organisations. Leaders at every level need to demonstrate the behaviours and skills needed to ensure effective working between organisations. The Assembly Government will need rapidly to develop the capacity to deal with local service providers in a joined-up way.

central-local context

6. 60 The structure and working methods of the Assembly Government makes partnership at local level more difficult than it should be. Overlapping partnership requirements generated by different departments at the centre create great complexity and unnecessary work at local level.
6. 61 There needs to be a different model of central-local engagement, which gives priority to outcomes for citizens and makes local partnership working easier. Assembly Government departments must demonstrate the behaviours they expect from local organisations. The role of the centre should be re-framed to become more one of expertise, support for improvement and constructive challenge, and less one of prescription and control.
6. 62 The aim must be to make local and regional partnership working more routine, by creating systems which fit together and are not sealed into silos, with compatible timescales and funding arrangements, matching strategic priorities and consistent operational objectives.

culture and leadership

6. 63 The leadership role at national and local level is to create the right context and then to ensure that partnerships do contribute to effective delivery. We believe that any attempt to create a new partnership map would be bound to be inappropriate for many areas. More important is to encourage local leaders to broker a rationalised structure for their area, building on what works and changing process that is ineffective. The aim should be to simplify complexity and consider how each partnership maps onto Spatial Plan areas.
6. 64 The strategic leadership role means a much bigger role for local authorities - but they need to rise to the challenge and become much better at leading in their communities. Their credibility and effectiveness relies not just on establishing a record of delivery and

innovation, but also on their skill in communicating and engaging with their citizens and working in genuine partnership with other organisations. They must learn from the national evaluation of community strategies^{vii} that they will only be successful if they work through influence rather than control.

partnership skills and capacity

- 6. 65 Effective partnership working needs to be supported by organisational development. Joint working does not just require good will, it requires high levels of skill to identify mutual gain, supported by strong negotiation and bargaining skills to broker solutions which improve outcomes for citizens. It also requires effective delivery of partnership commitments - without which trust is diminished and partnership working is not sustained. There must also be active management of relationships between partners.
- 6. 66 These skills need to be supported by organisational culture - organisational development cannot create a partnership culture but it can influence behaviour as a means of promoting cultural change.
- 6. 67 Organisational development must be practical and outcome driven - training people to move from the process activities which currently dominate partnership working, to the hard work of analysing evidence, evaluating risk and agreeing, and seeing through, real change.
- 6. 68 The analytical skills required to inform joint strategy and delivery need to be marshalled more effectively. This does not mean huge additional investment: there is scope to make better use of existing expertise spread across different organisations: statistical, economic, public health, finance, commissioning.
- 6. 69 For example, almost every public service impinges, or should impinge, upon the broad health improvement agenda. It is a fundamentally cross-cutting issue which currently lacks both a focal point and strategic analytical capacity. One response might be to give the National Public Health Service a stronger strategic role at the local level and at Spatial Plan Committees. This does not require structural change, but it does require a wider understanding of the potential role, and a strong partnership context to exploit the specialist analysis and expertise of the Service. But there is equally a need for a stronger strategic focus on these issues within the Welsh Assembly Government, supported by the corporate challenge role we discuss below.

greater partnership ambition

- 6. 70 To demonstrate what can be achieved by working across boundaries, locally and centrally, the Welsh Assembly Government should encourage more ambitious joint action, in areas where capacity and relationships are sufficiently strong to support this.
- 6. 71 To achieve this, Chapter 7 recommends that Wales pilots a model of Partnership Action Contracts (PACTs) in which the key local delivery organisations negotiate with the Assembly Government to agree a set of joint priority actions for the area. There should be a negotiated balance of national priorities and discrete local priorities. The means of achievement should include: pooled sovereignty, strong networks, pooling of budgets, shared services and new flexibilities in respect of national targets or other requirements. There should be an element of unhypothecated reward for achievement, but this should be only one part of a wider enabling framework. It is essential that non-devolved UK Government departments and agencies are part of the PACT and that local joint working is mirrored nationally.
- 6. 72 We do not believe that every local area is ready to make a success of this approach. Nor does the Assembly Government yet have the capacity to conclude thoughtful agreements with all 22 local authorities and their partners. We recommend therefore that

a small number of authorities, and their partners, with good record of effective multi-agency working pilot the approach initially.

- 6.73 The process of negotiation will be crucial - it should be a genuinely iterative, thoughtful, business process which integrates national and local priorities, and challenges the local team to identify ways of improving central-local process to support better results for the area, and challenges the centre to respond. This approach will take more time than traditional mechanisms, and the design of the pilots themselves should also be negotiated, with all stakeholders learning from the experience of Local Area Agreements in England, as well as other models.
- 6.74 We proposed above a supra organisational delivery challenge role for the Spatial Plan committees^{viii}. The Minister responsible for the Spatial Plan area could also broker the local PACT, or joint local PACT for some outcomes (i. e. across one or more areas). This would be an effective means of cutting across silos, feeding experience back to the centre, and ensuring coherence across the area.
- 6.75 This approach could overcome the difficulties encountered in England where progress has been held up by the complexity of negotiating with different Whitehall departments. In Wales, the exercise should be much simpler and more effective.
- 6.76 To add value, the pilots must learn from the community strategy evaluation. Community strategies were aimed at forging common purpose, shared priorities and achieving joint action, but have generally not succeeded in engaging all the partners required to make change. The limiting factors include the leadership role, lack of buy-in from partners, and the wider whole-system context.
- 6.77 There must be a new approach, with a much stronger element of direct communication and negotiation between all the stakeholders. Local organisations must be committed to change in the interests of the citizen. If the process constraints are kept to a minimum, there will be no excuses for not playing an active role in producing better results for the area.
- 6.78 Longer term, this approach will provide a good basis for moving to a more ambitious Local Public Service Board model. Here local organisations work beyond boundaries as the routine way of doing business. Local ambition drives the delivery of citizen-centred services; sovereignty is shared and the totality of public expenditure is considered on the basis of shared outcomes developed from a joint analysis of the needs of the local population.

Challenge

- 6.79 The fourth critical success factor is constructive performance challenge. In the absence of the disciplines of the market, the citizen model relies on building challenge into all stages, and all levels, of the policy and delivery system in order to ensure the effective, efficient and responsive services which citizens (and in particular the most vulnerable service users) require and deserve.
- 6.80 Through debate and scrutiny, national and local politicians, as well as the public and other stakeholders, must create a culture that challenges vested interests and does not tolerate sub-standard performance or mediocrity. The role of the Assembly Government, and the WLGA, is to put in place the right systems for constructive challenge, as well as effective mechanisms for support to improve.

performance management

- 6.81 There needs to be a better balance between micro management and local empowerment, across all parts of the public service. This means adopting the differential, proportionate approach to delivery advocated above, and designing effective incentives for good performance, including greater freedom to innovate across sectors. The whole delivery

system must create the right incentives and ensure that good performance is recognised and rewarded.

6. 82 Across all delivery sectors, the challenge is to create the right balance between self evaluation and external challenge, in order to encourage local ownership, identify and tackle poor performance, and support performance improvement.
6. 83 The new Framework for Performance Management in local government, and the revised balanced scorecard for NHS bodies, have moved in this direction. This needs to continue, but with a strong focus on aligning the different performance frameworks to support partnership working.
6. 84 The ethos should be one of encouraging learning and innovation. Blame cultures need to be challenged, and learning and innovation encouraged. Equally though, the Assembly Government should not reward poor performance by repeatedly 'bailing' out providers that fail to achieve minimum standards or to manage within their budgets.
6. 85 Effective challenge can be more difficult in a small country, if cosiness is allowed to inhibit a tough approach when required. The tools for managing performance already exist - the challenge is to keep the framework as simple as possible, and avoid confusing roles and accountabilities by adding new performance chasing capacity.
6. 86 The aim must be to prevent failure by early detection and action, but also to instil ambition to perform at the highest level. There must therefore be strong and clearly identified capacity to support improvement. It is too early to judge their effectiveness but there have been some moves in this direction, for example, the Delivery Support Unit for NHS trusts and the Improvement Agency's work on social services. Where service failure is in prospect, there needs to be a clear and rapid process of intervention which is co-owned by the Assembly Government and local service providers and their representative bodies.
6. 87 Performance management needs to reduce the compliance focus and increase the learning focus - from peer review and learning from innovation and excellence elsewhere. This should not just happen in response to poor performance, but should be a routine part of the continuous search for improvement. The primary aim should be to prevent failure, but it is also important to challenge all organisations to strive to achieve the best possible levels of performance.

performance information

6. 88 Wales has resisted the call for published information comparing the performance of individual agencies on the range of performance indicators, on the grounds that this encourages an ill-informed blame culture. As a result, it is difficult for decision makers, let alone the citizen, to know how well their local organisation is performing, except in relation to some specific indicators, such as waiting times for NHS treatment, which are singled out for particular attention.
6. 89 Citizens, service managers, policy makers and politicians require a range of different types of information, but the emphasis should be on outcomes, including measures of public satisfaction and trust, rather than of inputs and processes. Local authorities currently use different measures which makes accurate comparison of their performance difficult. There is a need for a core set of the same data, to be used by all authorities, to facilitate reliable comparisons which promote improvement and enable learning from best practice. Wherever possible, the same measures should be used in Wales as in Scotland, Northern Ireland and England, so that it is possible for Welsh service providers to exchange good practice with their peers in other parts of the UK.

- 6.90 The WLGA is leading new thinking on the balance between local accountability and the national interest in local authority performance, as is COSLA in Scotland^x. Publication of performance (and satisfaction) information which facilitates benchmarking is essential to improve performance and engage citizens in the improvement debate. For example, the Scottish experience, where each council is required, once every three years, to give a transparent, accessible public account of its performance, is that this generates much public interest. This is because it is presented and promoted effectively by local authorities, Audit Scotland and the Scottish Executive.^x
- 6.91 There also needs to be much greater data sharing between, and within, organisations and sectors in Wales and beyond. This is a pre-requisite for effective self-regulation, to ensure that under performing and mediocre services can be identified, and given the challenge and support that they need to improve. It is also an important means of identifying good practice from which other organisations can learn.
- 6.92 The approach to performance and satisfaction information needs to be less defensive, recognising that accessible and comprehensible information is crucial to the citizen model. The benefits include:
- educating all stakeholders about the whole picture on the performance of public services in Wales, including the limitations of individual measures taken in isolation;
 - engaging the citizen with the challenges and trade-offs faced by those who lead and manage public services on their behalf, and encouraging higher aspirations based on the best that is being achieved within and beyond Wales;
 - allowing managers to identify who is 'best in class' and to share learning through a two way peer review process;
 - encouraging the pride in good performance, and honesty about poor performance, which is the essential precondition of improvement.
- 6.93 The Assembly Government should lead on this by commissioning an annual, cross-sector, analysis of the performance of all public services in Wales, drawing on a range of evidence, both quantitative and qualitative, such as inspection reports. This should be designed to provide the public, and their representatives, with an objective assessment of performance, progress and trends. It should be available in a range of media, complement the information already commissioned on citizen satisfaction, and form the basis of an annual conference to review performance and share learning from Wales and beyond.

corporate challenge

- 6.94 Chapter 3 identified the structural and organisational barriers to strategic citizen-centred implementation across boundaries. The Welsh Assembly Government should create a strong central challenge capacity, both political and executive, whose role is to tackle these and ensure a much more consistent delivery model across departments. This should: resolve corporate priorities, co-ordinate policy and delivery, simplify resource allocation, ensure outcome focus and support Ministers in championing the radical transformation of public services in Wales.

challenge on efficiency and effectiveness

- 6.95 This should be supported by a strong financial challenge function, similar to that fulfilled by HM Treasury in England, which evaluates rigorously both expenditure plans and the service delivery models that underpin them. However, the Welsh function should go beyond the HMT model and act as a strong, integrated strategic planning challenge.

6. 96 There needs to be a similar challenge function at local level, to champion the efficiency agenda and lead on shared services and other models for sharing capacity and expertise. Analytical capacity to scrutinise and challenge budget plans should be shared across local organisations.

Beyond boundaries: citizen-centred local services for Wales

6. 97 This analysis is aimed at all the public services in Wales - it requires action by the National Assembly, the Assembly Government, the UK Government and local organisations. The constraints we have found present a common challenge to all parts of public services, and to the voluntary sector and business organisations, to scrutinise their own practice against the four critical success factors.
6. 98 In the next chapter we set out the key areas in which we believe each sector needs to make changes, in order to overcome the challenges highlighted in the evidence, and to reap the potential benefits of achieving a citizen-centred, partnership model of delivery in Wales.

notes

- i Local government reorganisation: abolition of 8 counties and 37 districts and creation of 22 unitary authorities
- ii Abolition of health authorities and creation of local health boards coterminous with local authorities.
- iii Chapter 3, box 6
- iv Denbighshire mental health team, the Consumer Direct service provided by Cardiff County Council; Child and Adolescent Mental Health Services in south east Wales
- v The Assembly Government has introduced a requirement for a completed Policy Integration Tool to accompany all strategic policies going out to consultation as a means of addressing coherence and compliance in policy making.
- vi *Regulation and Inspection of Public Services in Wales*, National Assembly for Wales Local Government and Public Services Committee (2005),
- vii *People, Plans and Partnerships: A National Evaluation of Community Strategies in Wales*, Williams, P.; Crow, A.; Evans, L.; Rogers, S.; and Sullivan, H. (2005),
- viii paragraph 6. 55
- ix *The Performance Accountability Framework for Local Government in Wales: 'Taking Stock', A Policy Position Statement*; Welsh Local Government Association (March 2006), *Mair, Rory, Public Sector Reform: Our Agenda, Our Future* (Presentation at 2006 COSLA Conference)
- x Visits to COSLA, Scottish Executive and Audit Scotland, PMPA/CIPFA in Scotland lecture by Bob Black, Auditor General for Scotland.

Chapter 7: Recommendations

- 7.1 Most reports end with a chapter of specific recommendations, such that the report can be said to have been implemented if those boxes can be ticked. This is not such a final chapter - nor is this a report of that kind.
- 7.2 *Making the Connections* committed Wales to a bold and challenging transformation of public services. This report underlines the extent and nature of the change needed if Wales is to do complete justice to that agenda. But such a transformation is no more an event than was devolution. It will be a demanding, and long, journey. If we contented ourselves with producing a list of detailed proposals requiring an immediate response, our report would soon be wrong footed by changes in circumstance.
- 7.3 We believe two things are needed. The first is a set of principles, a guiding framework, which will stand the test of time and help frame decisions about how to move forward in a variety of circumstances. This is what we have produced in Chapter 6.
- 7.4 The second is suggestions for the early steps which need to be taken if the process of transformation is to be tackled vigorously. This is the role of this chapter; but even these suggestions set tasks rather than prescribe precise actions. They need to be interpreted and acted upon by those to whom they are addressed in light of the guiding framework outlined in Chapter 6.
- 7.5 Finally, and also unusually for such a report, we emphasise that to succeed Wales must invest not only in strong and well directed action, but in the continuing development of the ideas at the heart of this process of change. The present public service machinery is the result of sharply different ideas, pursued by successive governments, about how best to achieve the standard of service which citizens rightly expect. With *Making the Connections*, Wales has set out its stall in a bold way, and its agenda deserves continued thought and analysis, as well as decisive action.
- 7.6 We have suggested that Wales should aspire to be an example of excellence in small country governance. Many of the issues facing small countries are the same as those in larger countries, but some are crucially different. Most obviously, small scale allows an intimacy and focus which should yield highly joined-up government. But it can equally lead to cosiness, and become a comfort zone for middling performance. This report is about developing a distinctive approach which maximises the advantages of being a small country and avoids the pitfalls.
- 7.7 Becoming an exemplar depends on rigorous consistency in applying the citizen model across all the agencies of government. In a small country, this calls for a new form of leadership: the Welsh Assembly Government leading not through bureaucracy, but through engagement - example, persuasion and constructive challenge to achieve results for citizens.
- 7.8 The engaged leadership model also creates new opportunities to respond more flexibly and creatively to the diversity of Wales's communities: the particular mix of rurality, industrial valleys and urban areas, as well as its unique language and culture.
- 7.9 This requires a continuing transformation of the whole: National Assembly, Assembly Government, and the full range of local service delivery organisations. To this end, this chapter makes suggestions about first steps for each sphere of government in Wales, but we re-iterate that they need to be worked out in practice in the light of the critical success factors we have proposed in Chapter 6.

7.10 We have presented our recommendations in three groups:

- recommendations for the leaders of all public service organisations in Wales, devolved and non-devolved - this is to signal that the most important actions are common to all;
- recommendations for individual sectors and organisations;
- shared recommendations for local authorities, local health boards and NHS Trusts in respect of the strategic health agenda: this is to signal the need for a common approach across local government and NHS bodies to this issue.

7.11 Where there is repetition of key messages, this is intended to underline the need for consistent action to put the citizen at the centre in all the workings of government.

7.12 We suggest a timescale for some individual measures - but recommend also that there should be general review, in 4 years, of progress across all spheres of government in Wales against the actions set out below.

1. Recommendations for leaders, political and executive, professional and managerial, of all public service organisations in Wales, devolved and non-devolved.

1.1 Implement the citizen model of public service delivery by:

- driving service improvement by promoting greater local pride, ambition and accountability to the public;
- fostering greater trust in public services through openness, effective delivery and meeting high expectations;
- contributing to making Wales an exemplar in small country governance by demonstrating ambitious, citizen-centred delivery across sectors;
- publishing and promoting balanced and objective information on the performance of public services in Wales, and public satisfaction with those services;
- using these data to engage citizens in an informed and forward looking public debate on priorities and the case for change;
- putting in place simple and speedy processes for complaint and redress.

1.2 Be strong on delivery by:

- giving priority to developing a cadre of highly effective leaders and managers, capable of working across agencies and sectors;
- creating a management and financial context which rewards innovation to make services more personalised and responsive to the needs of the citizen;
- increasing investment in developing staff at all levels, to enable them to improve engagement with citizens and enhance the reputation of public services through effective delivery;
- developing workforce planning across sectors to support multi-agency working and facilitate more efficient and responsive service delivery;
- creating a culture which encourages learning from best practice at every level of delivery;
- using and sharing performance data within and outside Wales to benchmark performance and identify excellent practice;
- supporting greater diversity of provision in order to increase choice and personalisation, by investing to develop the capacity of the third sector and capitalising on the skills and expertise of the private sector.

1.3 *Ensure that partnership working delivers tangible benefits for citizens by:*

- working more effectively across organisational boundaries to deliver the outcomes that matter most to citizens;
- moving from voluntary co-operation to pooled sovereignty models of joint working, and prioritising manageable numbers of strategic issues which require a corporate approach to partnership;
- working hard to manage relationships and demonstrate partnership behaviour; avoiding cost shunting and promoting benefit sharing;
- developing the business process and skills to support more ambitious partnership models;
- developing the culture and organisational capacity to work beyond internal, external, geographical and sectoral boundaries in order to meet the needs of citizens;
- creating trust by delivering on commitments;
- sharing the analytical capacity needed to inform joint strategy and delivery;
- skilful negotiation of win-win bargains of a kind which will sustain partnership working.

1.4 *Enhance challenge by:*

- creating simpler, sharper and more proportionate performance management that is much more consistent across sectors;
- using comparative performance information to encourage sustained improvement;
- learning from peer review and seeking out best practice;
- identifying services that are under performing or mediocre at an early stage, and providing effective support for improvement;
- embracing a more mixed economy of provision in order to drive up standards and efficiency and provide choice where appropriate;
- creating a corporate and financial challenge capacity within organisations which enables them more effectively to co-ordinate policy and delivery, and to challenge inefficiency and ineffectiveness;
- giving higher priority to citizen-centred scrutiny and governance, giving it proper support, developing scrutiny and challenge skills, creating structures and agendas which challenge provider focus and raise ambition.

2. Recommendations for the National Assembly for Wales

2.1 *Take the lead in encouraging greater citizen engagement, developing cross-cutting scrutiny and ensuring rigorous, evidence based challenge so that Wales can become an exemplar of effective small country governance, including by:*

- leading a mature, informed and constructive public debate about the policy and investment choices facing Wales in both the short and long term;
- setting an example of citizen-centred scrutiny, geared to improvement, with no party whip and involving a wide range of stakeholders;
- using the Government of Wales Bill powers to review procedures and Committee structures to ensure a cross-cutting citizen focus, across all public services, including non-devolved services such as: policing, benefits, offender management and others which are critical to improving outcomes for people in Wales.

3. Recommendations for the Welsh Assembly Government

- 3.1 *Be so consistent and rigorous in implementing the citizen model that Wales becomes an exemplar of small country governance, including by:*
- collaborating with other countries to develop the model, including by sharing expertise on high level benchmarking measures;
 - publishing an annual statement on the performance of, and satisfaction with, all local services in Wales to support public debate and scrutiny;
 - celebrating excellence in citizen-centred governance by, for example, hosting a conference to share experience in the UK and beyond, hosting award ceremonies, and other means of ensuring that excellence in service delivery is recognised and shared.
- 3.2 *Create a strong central team (political and executive), led by the First Minister and the Permanent Secretary, that can:*
- champion citizen-centred policy making and delivery within and beyond the Welsh Assembly Government;
 - ensure that departments work effectively together to achieve key cross-cutting outcomes that matter most to citizens;
 - prioritise a manageable number of strategic issues that are deliverable only through ambitious and effective joint working;
 - foster pooled sovereignty models of joint working on these issues at the centre as well as locally;
 - champion a radical, Treasury-style, approach to the use of all resources (human, revenue and capital) to achieve both social and technical efficiency ('doing the right things' and 'doing them right').
- 3.3 *Develop its own expertise and skills for the engaged leadership of excellent public service performance by:*
- enabling Ministers to lead where national strategy depends on joint planning and delivery across organisations by, for example, enlarging the role of Ministerial Chairs of Spatial Plan Committees to include progress chasing at regional and sub regional level;
 - changing the role of Assembly Government Departments, to become centres of expertise on excellent, citizen-centred delivery across boundaries, providing well-informed and constructive challenge of local performance, and relying less frequently on levers of central control and direction.
- 3.4 *Enhance leadership and management capacity, through a unified, coherent focus across sectors by:*
- ensuring opportunities for politicians, and others in non-executive roles, to develop the skills needed for effective challenge and scrutiny of performance;
 - developing effective, problem solving and innovating managers at every level, and rewarding good performance with greater freedom;
 - generating an all-Wales citizen-centred public service culture through organisational development, including: cross-sector secondments, shadowing, partnership skills development and joint workforce planning across sectors;
 - promoting strategic engagement with the private sector to identify more ambitious approaches to procurement and e-government, and enhancing the role of Value Wales and e-Wales as change enablers and efficiency champions;

- ensuring that PSMW, NLIAH and the WLGA provide a much more integrated programme of work to support capacity across sectors.

3.5 *Promote excellence in delivery, with more responsive and personalised services for the citizen, by:*

- embracing diversity of provision and accepting differential progress, as faster improvement in some areas creates the role models and good practice required to level up standards across the board;
- developing a core set of national minimum standards, negotiated with the WLGA and other stakeholders, where these are required for public assurance in a limited number of key areas;
- promoting and delivering a 'level playing field' which encourages a more mixed economy of provision;
- ensuring that funding mechanisms promote capability and collaboration rather than competition;
- investing in the capacity of the third sector so that it can offer challenge on behalf of citizens and act as a source of innovation.

3.6 *Reduce the complexity of current governance and management arrangements by:*

- using the new powers in the Government of Wales Bill to support service improvement by reducing consent regimes and the wider burden of regulation on local service delivery organisations;
- reducing the number of central imperatives and funding streams so that there is less micro management and more integrated policy-making and delivery;
- ensuring policy processes include a fully integrated consideration of implementation, which harnesses the understanding and experience of those who will have the responsibility to implement;
- reforming the process of audit and inspection to minimise administrative burdens and create a consistent and proportionate approach across sectors;
- reviewing the progress of the joint forum on inspection and regulation in three years.

3.7 *Fundamentally re-assess financial systems so as to:*

- achieve an outcome (rather than an input and process) focus and foster innovation;
- reward good management, by, for example, giving high performers with strong governance track records progressively greater budgetary freedom to innovate and invest to improve services, for example, by increased flexibility to spend across budgets and financial years.

3.8 *Enhance local leadership, professional and managerial capacity by:*

- encouraging and supporting incremental re-structuring of organisations, including through shared services, joint teams, joint commissioning, ambitious network models and joint appointments;
- giving a strong lead on formal structures and expertise where necessary to speed up progress;
- making the best use of expert capacity, such as the National Public Health Service, to ensure that it contributes effectively and strategically at national and local level and has the maximum impact across sectors.

3.9 *Ensure a consistent approach to performance management, based on the principle of proportionality, designed to foster excellent, innovating, leaders and managers at local level, through:*

- establishing clear lines of accountability for performance;
- rigorous use of well established mechanisms (avoiding the complexity that can arise from ad hoc reactions to specific failures);
- intensive support of poorly performing organisations with direct intervention, where necessary as a last resort;
- steadily expanding flexibility of action for high performers;
- developing challenging performance and benchmarking data jointly with appropriate comparators/small countries/regions.

3.10 *Supporting improvement in local organisations by:*

- establishing an agreed model for early intervention to tackle mediocre and failing performance;
- establishing stronger links to the expertise offered by improvement and development agencies outside Wales.

3.11 *Ensure that partnership working delivers tangible improvements by:*

- piloting an ambitious, realistic set of Partnership Action Contracts (PACts) with joint outcomes negotiated with local delivery organisations;
- considering piloting a local public service board model after the outcome of PACts has been evaluated;
- ensuring that all processes and systems impinging on local delivery organisations are coherent and co-ordinated, so as to facilitate joint working by, for example, regular 360 degree 'landscape' appraisal of processes across all the organisations that impact on the delivery of particular services;
- building on the experience of the Heads of the Valleys project, develop, pilot and evaluate models of joint working in which local arrangements for pooling sovereignty are matched within the Welsh Assembly Government, underpinned by robust accountability mechanisms;
- negotiating with the UK Government to give the non devolved departments and agencies the flexibility to contribute effectively to partnership delivery at local level.

4. Recommendations for the UK Government

4.1 *Support the citizen model by ensuring that the management and delivery of services is able to transcend boundaries across sectors by, for example:*

- giving local service delivery organisations the flexibility to contribute to the PACts pilots, both by contributing to the design of the model, and by contributing to the negotiation and implementation of strategic shared outcomes, both national and local;
- engaging with the Welsh Assembly Government to develop citizen-centred delivery in Wales by: encouraging secondments across sectors, participating in the PSMW programme of organisational development, collaborating on workforce planning, and being open to scrutiny across devolved and non-devolved services.

4.2 *Promote efficiency:*

- by supporting the financial freedoms required to encourage and reward good management, innovation and investment in service improvement.

5. **Joint recommendations for local authorities, local health boards and NHS Trusts in developing the strategic health agenda**

5.1 *Enhance citizen focus by:*

- designing and delivering effective and efficient pathways across health and local government services;
- examining critically how, where and by whom, care can best be provided;
- working closely with partner organisations to achieve the best pattern of investment for health gain through a jointly developed and shared understanding of local need;
- leading an ambitious, cross-sector process of engagement with the public and the workforce on the need to change patterns of service, working with the third sector, Community Health Councils and other citizen advocates.

5.2 *Enhance capacity by:*

- developing joint commissioning structures, joint appointments and other means of sharing expertise and skills;
- moving towards shared management and delivery models such as care trusts;
- creating an effective focus for promoting and monitoring the broad health improvement agenda, including by creating a more ambitious, cross-sectoral relationship with the NPHS;
- strengthening the contribution of the third sector to the mixed economy of choice and personalisation, including through funding mechanisms which enhance capability and encourage collaboration;
- ensuring that improvements in health are a priority for PACts.

5.3 *Make partnership effective by:*

- challenging and supporting local partnerships to deliver;
- working constructively with partners and stakeholders to turn around, or eliminate, partnerships which are not achieving tangible benefits for the public;
- playing an active role in the PACts pilots to overcome structural and process barriers to ambitious joint provision.

5.4 *Create more effective challenge through:*

- ambitious multi-disciplinary scrutiny of health and social care and the wider health agenda;
- investing in developing the scrutiny and challenge skills of elected members and others in governing and non-executive roles;
- helping the Welsh Assembly Government to reduce complexity by contributing to creating simpler and more effective central-local processes focused on improving health outcomes.

6. **Recommendations for local authorities**

6.1 *Lead the citizen model of public service delivery at local level by:*

- being the champions of citizens and communities, inspiring trust by giving more attention to the needs of citizens and service users, across service boundaries;

- demonstrating professionalism and openness in engaging with the public, in partnership with other sectors;
- drawing on national data on public satisfaction with services, and commissioning local data where necessary to supplement it, publishing this data and informing the public on follow-up;
- leading an ambitious and well-informed debate about investment priorities and encouraging local ownership of the public service budget;
- fostering local pride and ambition for improvement across sectors;
- engaging with Community Councils as citizen advocates and service providers, where they have the capacity to fulfil these roles;
- making a strong strategic and corporate contribution to local health boards and other leadership bodies;
- contributing effectively to the regional tier of delivery including through the Spatial Plan committees;
- developing the strategic capacity to tackle organisational barriers to citizen-centred service pathways, for example across schools and FE colleges, across health and social care and across social and criminal justice agencies;
- demonstrating openness, recognising and learning from mistakes, providing speedy redress and taking action to minimise the risk of repeating them.

6.2 *Enhance capacity by:*

- being more ambitious in using new enabling powers, such as those in respect of well-being, borrowing and trading, to make improvements for citizens;
- investing in the third sector and other sources of citizen-centred expertise and innovation;
- making a strong local contribution to the Welsh public service model of management development;
- developing more ambitious models to support improvement by, for example, sharing school improvement and other expert capacity;
- investing in the skills of staff at every level so that they become ambassadors for citizen-centred improvement.

6.3 *Ensure that partnership delivers by:*

- demonstrating a commitment from the top to citizen-centred delivery through partnership;
- leading an inclusive community strategy process to deliver a shared vision for the area, and lead through influence, robust information and engagement, not control;
- being ambitious in streamlining local partnership structures, creating clarity of roles and responsibilities and reducing process complexity.

6.4 *Enhance challenge by:*

- providing effective local political leadership based on strong evidence of citizen and community engagement;
- raising the profile of scrutiny, making it a strong vehicle for service improvement and citizen engagement, by involving a wide range of stakeholders and developing scrutiny skills across sectors;
- developing scrutiny mechanisms for jointly organised services.

6.5 *Demonstrate a strategic approach to efficiency by:*

- identifying ambitious joint contracts (across local government and beyond) for shared back-office and transactional services, by working through the local government regional boards, and other means;
- working closely with staff representatives to implement these changes;
- investing the savings made in improved services to citizens.

7. Recommendations for the WLGA

7.1 *Drive citizen engagement, delivery, partnership and challenge by:*

- taking a national leadership role for local government in developing the citizen model of service delivery, including negotiating national priority outcomes as part of the PACts pilot;
- contributing to the development of a new approach to central-local relationships, including: more focused and proportionate inspection, regulation and performance management, strong support for improvement and efficiency, particularly in poorly performing or coasting councils, and ensuring the sector takes responsibility where necessary;
- negotiating the core set of national minimum service standards required for public assurance;
- accelerating current progress towards joint models of service delivery, including shared services and other models, to deliver significant reductions in back-office transaction costs, for example by: brokering joint arrangements, joint procurement and creating new 'agency' capacity to meet skill shortages where this would promote efficiency and quality;
- leading on programmes to develop the skills of local elected members and officers, promoting peer review, and providing guidance on the development of scrutiny and relationships with the NHS and other public services, as well as the private and third sectors.

8. Recommendations for local health boards

8.1 *Take the lead in developing citizen-centred services by:*

- developing ambitious joint commissioning and shared provision, and championing the community focused model of care and treatment;
- promoting efficiency by demonstrating local ownership of the health budget, and leading the debate about the case for change and the potential benefits of new models of care.

8.2 *Enhance corporate capacity by:*

- making common cause with local government wherever possible, for example by sharing analytical capacity including on shared outcome indicators, citizen engagement skills and other forms of expertise;
- developing the skills of all board members to engage strategically at local and regional level.

9. Recommendations for Trusts

9.1 *Deliver citizen-centred services by:*

- taking responsibility for achieving the best possible overall pattern of investment in health care, including by implementing the shifts in provision required to achieve sustainable long-term care;
- commissioning regular research on patient satisfaction, drawing on the expertise of Community Health Councils and other advocates.

9.2 *Enhance capacity by:*

- developing the leadership skills, including clinical leadership, required to contribute effectively to the public debate on priorities, encouraging local ownership of the overall budget and promoting public understanding of the potential of new patterns of service;
- developing the workforce so that every member of staff is an ambassador for the citizen model.

10. Recommendations for the third sector

10.1 *Support the citizen model by:*

- championing the voice of citizens and service users at every level of provision;
- identifying barriers to voluntary sector engagement and making the case for change to increase responsiveness and personalisation.

10.2 *Enhance its own capacity by:*

- drawing on expertise within and beyond Wales and by using peer review;
- identifying opportunities for secondments into and out of the sector to enhance expertise and share learning.

10.3 *Contributing to making partnership genuinely citizen-focused by:*

- challenging constructively the organisational barriers to improvement;
- demonstrating the gains to be made from more collaborative models and highlighting current weaknesses in design and delivery;
- making a positive contribution to the design, development and implementation of the PACTs pilots.

10.4 *Contribute to effective challenge by:*

- being open to scrutiny as deliverers of local services, and supporting the cross-cutting scrutiny process by providing resources for scrutineers at both national and local levels.

11. Recommendations for the private sector

11.1 *Contribute to a stronger impetus for citizen engagement, delivery, partnership and challenge by:*

- finding innovative ways of engaging more effectively with the National Assembly, the Assembly Government, the WLGA, local councils and non-devolved services;
- playing a more active role in developing healthy civil society, good governance and effective public service management in Wales by, for example, encouraging employees to serve as non-executive directors, councillors and members of governing bodies;
- engaging effectively with PSMW, helping enhance skills (such as project management and procurement) by releasing staff as secondees to public sector agencies at both local and national level;
- raising ambition by publicising success achieved in partnership with the private sector, within Wales and beyond;
- working with third sector bodies to share experience and expertise, encouraging employees to participate in third sector organisations, and promoting secondments between the sectors.

12. Recommendations for the national and local media

12.1 Promote citizen engagement, delivery, partnership and challenge by:

- encouraging a more informed and mature debate about the priorities for Wales, and the choices faced by public service organisations at local and national level, by dealing with key debates and issues in more detail;
- publicising reliable information about the performance of public service providers and using this to promote informed and constructive debate;
- being more willing to acknowledge and celebrate success and good performance, whilst also continuing to hold politicians and managers accountable for shortcomings.

Timescale

7.13 Rapid progress will be needed in the areas discussed above. It is for the National Assembly, the Welsh Assembly Government and their partners to determine in detail what needs to be done by when. We anticipate that this will need to include the following illustrative milestones in order to create and maintain the momentum which is required.

Phase I: initial action 2007-8

Action	By whom	By when
Strategic delivery and finance challenge capacity in place	WAG	December 2006
Review and revise scrutiny structures and processes, report progress annually	National Assembly	May 2007
Guidance on new scrutiny model agreed by stakeholders	WLGA, WAG, NHS bodies, third sector	September 2007
Review of regulation/consent regimes	WLGA, WAG	report July 2007
Leadership training programme for elected members and NHS non executives	WAG, WLGA, PSMW, NLIAH	effective April 2007
Agree core set of minimum national standards/entitlements	WAG, WLGA and other stakeholders	September 2007
Joint strategy for cross-sector leadership development	PSMW, NLIAH, WAG, WLGA,	effective April 2007
Agreed format for publishing comparative performance data across sectors	WAG, WLGA, NHS bodies and other stakeholders	September 2007
First Annual Report on the Performance of Public Services in Wales	WAG	published April 2008

Action	By whom	By when
Report on progress on joint back-office and transactional services	WLGA, NHS bodies and other stakeholders	July 2007
1st tranche of shared back-office services/waste management agreements in place	WLGA, NHS bodies	July 2008
Progress report on joint services/ appointments in other services	WLGA, NHS bodies, other stakeholders	July 2008
Joint scheme for peer reviews	Third sector, NHS bodies, WLGA	scheme July 2007 effective July 2008
Joint scheme of cross-sector developmental secondments	WAG, WLGA, Third Sector, Private Sector	agreed 2007 effective 2008
First pilot Partnership Action Contracts	WAG, WLGA, local authorities, health bodies, third sector, private sector and other stakeholders	effective April 2008

Phase 2: evaluation and new action ahead of whole system re-review 2011

Action	By whom	By when
Review of inspectorate streamlining and burden reduction	All stakeholders	Report by July 2009
Evaluation of pilot PACTs	Commissioned by WAG in consultation with WLGA	Report by July 2010
Whole system re-review	Independent team	Report by July 2011

Annex I: Terms of Reference

Aims

The aim of the Review is twofold:

- to identify improvements in the arrangements for local service delivery, which are as radical and innovative as necessary; and
- to examine how existing arrangements for accountability can be used, developed and adapted to support this innovation.

The Review will report to Ministers and to the Public Services Board by July 2006.

The Review will examine service delivery in key areas, with particular regard to the cross-cutting issues that are central to improving outcomes. It is not expected to undertake a comprehensive analysis of all service areas, but to identify specific proposals which could lead to improved arrangements for service delivery.

The Review will focus on local authorities, health bodies and other local service delivery organisations in the public, voluntary and independent sectors.

The Review will examine how best to maximise the efficiency and effectiveness of delivery in the interests of service users and taxpayers.

The Review should consider whether, and how, reform could be assisted by changes in arrangements for financing local service delivery, taking into account, for example, the work of the Lyons review of local government in England.

The Review may consider the relevance of changes that are being considered, or are taking place, in other parts of the United Kingdom or elsewhere if evidence is available.

Questions

In achieving the above aims, the Review may focus on the following questions:

- How should the roles of the relevant local organisations be defined for the future, for example, in health and education, in terms of community leadership, commissioning and service provision?
- What are the mechanisms that can be employed to achieve effective collaboration between local service providers: cross-functional collaboration such as between a local authority and a local health board, and collaboration to achieve delivery on a larger geographical scale than the local area itself?
- How do we organise service delivery to obtain the appropriate balance between local access and centres of specialised expertise and provision?
- How should funding be arranged to facilitate greater collaboration and joint-working? What is the appropriate response to more limited growth in the available resources?
- Are there re-allocations of functions between different organisations delivering local services which would achieve improved delivery?
- What changes to the political management and accountability of service delivery would assist improvement? What are the appropriate roles for locally elected representatives

and what level of local representation, and/or expert skills, are appropriate to different circumstances? What should be the relationship between local elected representatives and appointed bodies?

- What workforce changes are required to underpin the new approaches to service delivery and how best can the workforce be engaged in the process of improvement?
- How best does the Welsh Assembly Government provide leadership in improving local service delivery?

Annex 2: List of the main organisations responsible for local service delivery in Wales 2006

Local authorities

22 unitary authorities.

Local authorities are responsible for hundreds of diverse statutory and discretionary functions ranging from social services and education to waste management, libraries, flood protection and management of cemeteries. They have a statutory duty to promote the economic, social and environmental well being of their areas.

NHS Cymru

14 NHS Trusts (including one all-Wales Ambulance Service Trust).

The 22 Local Health Boards (LHBs) cover the same geographical areas as local authorities.

LHBs are responsible for commissioning services from the Trusts - i. e. evaluating local service provision on the basis of need, quality and effectiveness, and allocating funding to Trusts in the light of this analysis. They are also responsible for the administration and planning of primary care services.

Town and community councils (734)

Community councils collectively cover 96 per cent of Wales's land surface and 70 per cent of its population. They are responsible for the provision of a wide range of amenities. Small councils will typically be responsible for signs, notice boards, public seating, bus shelters and war memorials. Larger councils may also provide higher-order amenities such as community centres and indoor recreation facilities.

Police authorities (4)

Police authorities are responsible for all services related to the maintenance of law and order. The role of the police also has a strong prevention element.

Colleges of further education (23)

Responsible for further education, adult education and skills training.

Fire authorities (3)

Responsible for all aspects of fire fighting and prevention, civil contingencies.

National parks (3)

Responsible for the sustainable use of Wales's premier protected areas through influencing the work of others. (The 3 authorities jointly cover 20% of Wales.)

Other organisations providing local public services

These include several Assembly Sponsored Public Bodies, as follows:

- National Museums & Galleries of Wales
- National Library of Wales
- Welsh Language Board
- Sports Council for Wales
- Arts Council of Wales
- Countryside Council for Wales
- Royal Commission on the Ancient and Historical Monuments of Wales
- Care Council for Wales
- Higher Education Funding Council for Wales
- Wales Centre for Health

Wales Spatial Plan

The spatial plan consists of six areas:

- North West Wales - Eryri a Môn
- North East Wales - Border & Coast
- Central Wales
- South East - The Capital Network
- Swansea Bay - Waterfront & Western Valleys
- Pembrokeshire - The Haven

Each area is led by a committee usually consisting of local authorities, 1 TUC representative, 1 equality representative, 1 WCVA representative, 1 environment representative and, where applicable, a national park representative.

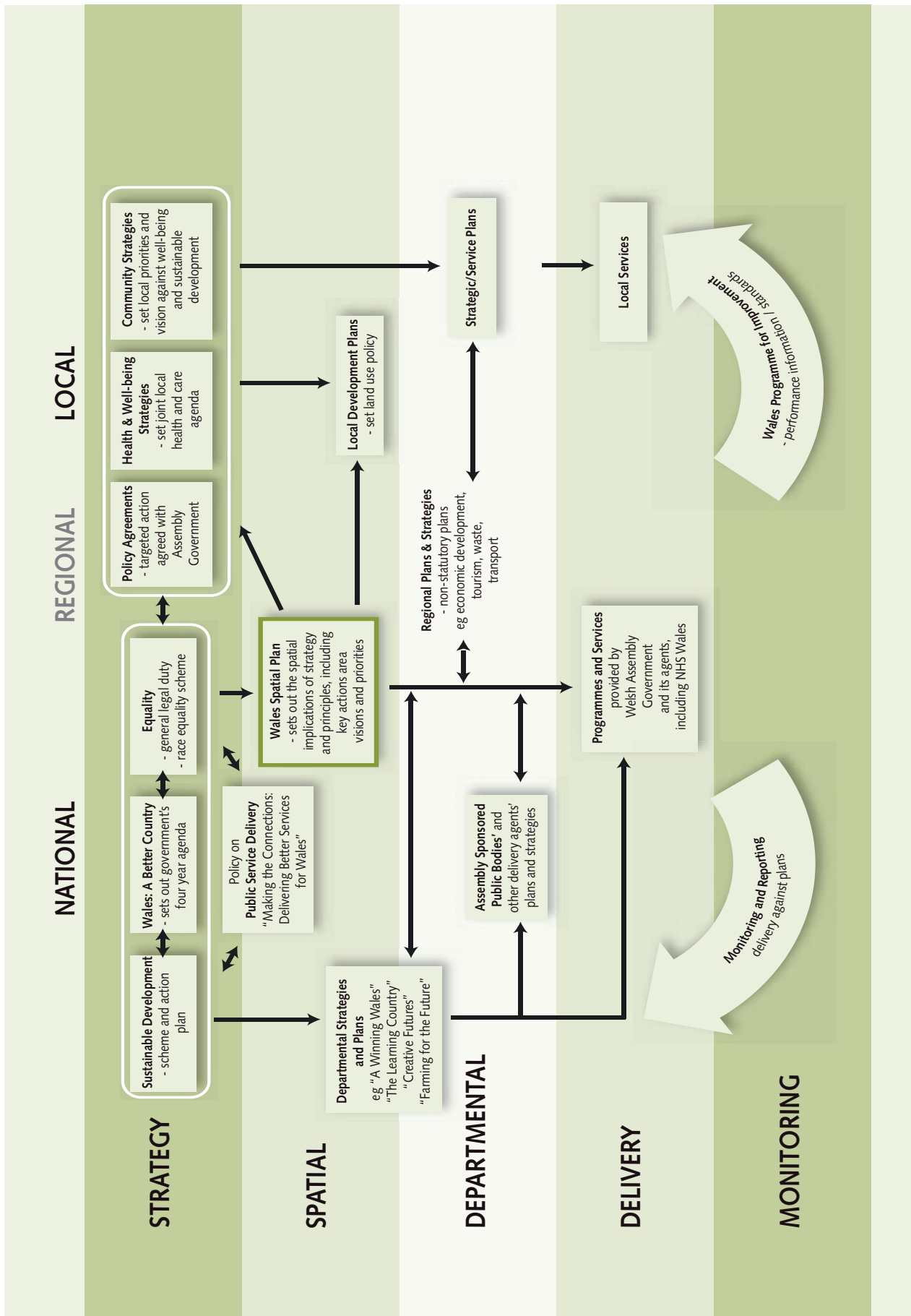
Audit, regulation & inspection

The following are regulators and inspectors of devolved services. Non devolved services are inspected and regulated by non devolved regulators and inspectors such as HMIC.

- Healthcare Inspectorate for Wales
- Social Services Inspectorate for Wales
- Care Standards Inspectorate for Wales
- Estyn
- Wales Audit Office

The policy/delivery context of Wales

The following diagram from the Wales Spatial Plan sets out the policy/delivery context of Wales.



Annex 3: Contributors to Discussions

Anglesey County Council	Byron Williams, Director of Social Services
Anglesey Local Health Board	Dr Will Roberts, Chair
Arts Council of Wales	Jane Clarke, Director of Operations
Association of Directors of Social Services (ADSS)	Latta Griffiths-Unny, ADSS Cymru Support Officer
Audit Scotland	Bob Black, Auditor General for Scotland
Big Lottery Fund	Ceri Doyle, Director
Blaenau Gwent County Borough Council	Phil Hodgson, Director of Social Services
Blaenau Gwent Local Health Board	Marilyn Pitman, Chair
Board of Community Health Councils in Wales	Peter Johns
Bridgend County Borough Council	Tony Garthwaite, Director of Social Services and Housing Rhodri Gwyn Jones, Director of Environmental and Planning Services
Bridgend Local Health Board	Professor Colin Jones, Chair
British Telecom (BT)	Ann Beynon, Director Chris Seyers, Business Director Janet Horton, Consulting Director
Bro Morgannwg NHS Trust	Win Griffiths, Chair
Caerphilly Business Forum	Martin Fear
Caerphilly County Borough Council	Harry Andrews, Leader Jan Bennett, Community Regeneration Manager Malgwyn Davies, Chief Executive Marj Edwards, Community Partnership David Hopkins, Director of Education and Leisure Joe Howsam, Director of Social Services Alison Palmer, Community Planning Coordinator Tim Peppin, Head of Policy and Central Services
Caerphilly Local Health Board	Judith Pagett, Chief Executive
Cardiff County Council	Jo Farrar, Assistant Chief Executive Crispin O Connell, Chief Officer ICT Paul Orders, Head of Policy and Economic Development Tony Riches, Head of Project Management Centre for Excellence
Cardiff and Vale NHS Trust	Simon Jones, Chair
Care Standards Inspectorate for Wales	Rob Pickford, Chief Executive
Carmarthenshire County Council	Dave Gilbert, Director Regeneration and Leisure Robin Staines, Head of Housing Services
Carmarthenshire NHS Trust	Paul Barnett, Chief Executive
CBI (Confederation of British Industry)	David Rosser, Regional Director Wales Peter Griffiths, Chair Emma Watkins Head of Policy
Ceredigion County Council	Alan Lewis, Assistant Director Regeneration

Ceredigion and Mid Wales NHS Trust	Eleri Ebenezer, Chair Allison Williams, Chief Executive
Children's Commissioner for Wales	Rhian Davies, Assistant Commissioner Peter Hoskins Elaine Cloke
Citizen Advice Cymru	Alun Gruffudd Erica Helps Fran Targett, Director Lesley Thomas
Commission for Racial Equality in Wales	Chris Myant, Director
Convention of Scottish Local Authorities (COSLA)	Rory Mair, Chief Executive
Conwy County Borough Council	Andrew Bowden, Head of Housing Services Carol Cornes, Principal Performance and Policy Officer
Conwy and Denbighshire NHS Trust	Hilary Stevens, Chair
Countryside Council for Wales	Keith Davies, Head of Planning and Protected Landscapes Sue Maberley Llinos Price, Policy Officer Roger Thomas, Chief Executive
Denbighshire County Council	Sally Ellis, Corporate Director, Personal Services Iwan Prys Jones, Director for Environment Paul Quirk, Head of Housing Services
Disability Rights Commission	Julie Annetts Will Bee, Director Amelia John
ELWa	Sheila Drury, Chair
Environment Agency Wales	Dave Clarke, Strategic Unit Wales Manager Nigel Reader, Finance Director Niall Reynolds, Corporate Services Director Sian Williams, Environment Manager
Equal Opportunities Commission Wales	Kate Bennett, Director
Estyn	Susan Lewis, Chief Inspector
Federation of Small Businesses (FSB)	Russell Lawson
Fforwm	Glyn Jones, Chair of Fforwm and Head of Pembrokeshire College Brian Robinson, Deputy Chair of Fforwm and Head of Coleg Sir Gâr
Fire and Rescue Services	Dr John Graystone, Chief Executive Brian Fraser, Chief Fire Officer, South Wales Brian Hall, Chair, Mid and West Wales Douglas Mackay, Chief Fire Officer Mid and West Wales Derek Rees, Chair, South Wales Trevor Roberts, Chair, North Wales Simon Smith, Chief Fire Officer, North Wales
Flintshire County Council	John Hoogerwerf, Head of Customer and Housing Services Chris Kay, Director of Environment and Regeneration Susan Lewis, Director of Adult Social Services Steve Partner, Director of Community and Housing
GMB	Mike Payne

Groundwork Caerphilly	Nigel Forster
Gwent Association of Voluntary Organisations	Mike Bridgman, Principal Officer
Gwent Healthcare NHS Trust	Dr Brian Willott, Chair
Gwent Police	Chief Superintendent Alun Thomas
Gwynedd County Council	Arwel Ellis Jones, Chair Geraint George, Head of Policy and Performance Cllr Richard Parry Hughes, Council Leader Cllr Dafydd Iwan Iwan T Jones, Strategic Director - Development Dafydd P Lewis, Strategic Director - Care Services Harry Thomas, Chief Executive Dilwyn O Williams, Strategic Director - Resources Cllr John Wyn Williams
Gwynedd Local Health Board	Grace Lewis-Parry, Chief Executive Dr Lyndon Miles, Chair
Healthcare Inspectorate Wales	Peter Higson, Chief Executive
Institute of Welsh Affairs	John Osmond, Director
Jobcentre Plus Wales	Roger Dinham, Outgoing External Relations Manager Jo Llewellyn, External Relations Manager
Department for Work and Pensions	Paul Lewis
Mantell Gwynedd	Bethan Russell-Owen, Chief Executive,
Merthyr Tydfil County Borough Council	Sue Gilby, Director of Community Housing Alistair Neil, Chief Executive
Monmouthshire County Council	Moyna Wilkinson, Corporate Director of Social and Housing Services
National Assembly for Wales	Mike German AM Dai Lloyd AM David Melding AM
National Leadership and Innovation Agency for Healthcare	Jan Williams, Director
National Library of Wales	Andrew Green, Librarian
National Museums and Galleries of Wales.	Michael Houlihan, Director General
National Offender Management Service	Jim A'Herne Carol Bernard, Director
National Probation Service Wales	Ian Fox, Regional Manager
National Public Health Service for Wales	Dr Cerilan Rogers, Director Dr Paul Tromans, Regional Director
National Union of Teachers (NUT)	Heledd Hayes
Neath Port Talbot County Borough Council	Karl Napieralla, Director of Education, Leisure and Lifelong Learning Colin Preece, Director of Social Services and Housing Will Watson, South West Wales Integrated Transport Consortium (SWWITCH)
Newport County Council	Brian Kemp, South East Wales Transport Alliance Robert Lynbeck, Head of Housing and Regeneration
Newport Local Health Board	Kate Watkins, Chief Executive
NHS Centre for Equality and Human Rights	Tracey Good, Regional Equality Manager North Wales

NHS Trust CEOs Group	Martin Turner, Chief Executive
North East Wales NHS Trust	Michael Williams, Chair
North Wales Police	Richard Brunstrom, Chief Constable
	Gareth Pritchard, Chief Superintendent
North West Wales NHS Trust	Martin Jones, Informing Healthcare Lead
	Elfed Roberts, Chair
One Voice Wales	CLlr John Harvey, Chair of Finance
	CLlr Dave Street, Chair
Pembrokeshire County Council	Jon Skone, Director of Social Services and Housing
Pembrokeshire and Derwen NHS Trust	Lynette George, Chair
Pensions Service	Dave Snook
	Elizabeth Gwyn
Police Authorities Wales	CLlr Don Evans, Chair Dyfed-Powys Police Authority
	Kevin Reeves, Clerk Dyfed-Powys Police Authority
	CLlr Ian Roberts, Chair North Wales Police Authority
	Geraint Price Thomas OBE, Chair Gwent Police Authority and Chair of the Police Authorities of Wales
	CLlr Ray Thomas, Chair South Wales Police Authority
	Jean Wilding, Treasurer Dyfed-Powys Police Authority
Pontypridd and Rhondda NHS Trust	Margaret Foster, Chief Executive
	Paul Hollard, Deputy Chief Executive / Director of Planning and Service Development
Powys County Council	Rob Beardall, Corporate Policy Officer (Equalities)
	Phil Hodson, Group Director of Community Services/ Director of Social Services
	John Owen, Director of Technical and Local Services
Public and Commercial Services Union (PCS)	Jeff Evans
Public Services Ombudsman for Wales	Adam Peat
Rhondda Cynon Taf County Borough Council	Dilys Jouvenat, Human Resources Adviser
Scottish Executive	Peter Mortimer, Regeneration Resources Manager
	Ruth Parsons, Director and officials from the Public Services Reform Group
Social Services Inspectorate Wales	Graham Williams, Chief Inspector
	Margaret Provis, Inspector
Society of Welsh Treasurers	Joyce Stevens, Secretary
Society of Local Authority Chief Executives and Senior Managers (SOLACE) Wales	Byron Davies, Honorary Secretary and Chief Executive of Cardiff County Council
	Mark James, Chief Executive of Carmarthenshire County Council
	Ian Miller, Chief Executive of Denbighshire County Council
Sports Council for Wales	Huw Jones, Chief Executive
Swansea City and County Council	Mary Little, Access to Services Manager
	Reena Owen, Director of Environment
Swansea NHS Trust	Jane Perrin, Chief Executive
Torfaen County Borough Council	Gary Birch, Director of Social Services
	Martin Buckle, Assistant Director Regeneration
	Tania Roberts, Lead Supporting People Manager
	Mike de Val, Director of Education

Unison	Paul Elliot Sandra Miller
Vale of Glamorgan Council	Paul O'Shea Regional Secretary James Cawley, Director of Community Services Steve Ralph, Head of Human Resources and Equalities
Velindre NHS Trust	Professor Tony Hazell, Chair
Wales Audit Office	Jeremy Colman, Auditor General for Wales Anthony Snow
Wales Centre for Health	Hugh Thomas, Non-Executive Director
Wales Trade Union Congress (TUC)	Derek Walker, Head of Policy and Campaigns
Welsh Ambulance Services	Roy Norris, Chair
NHS Trust	
Welsh Assembly Government	Jane Davidson AM, Minister for Education, Lifelong Learning and Skills Andrew Davies AM, Minister for Enterprise, Innovation and Networks Sue Essex AM, Minister for Finance, Local Government and Public Services Brian Gibbons AM, Minister for Health & Social Services Edwina Hart AM, Minister for Social Justice and Regeneration Carwyn Jones AM, Minister for Environment, Planning and Countryside Jane Hutt AM, Minister for Assembly Business, Equalities and Children Rt Hon Rhodri Morgan AM, First Minister Alun Pugh AM, Minister for Culture, Welsh Language and Sport John Bader, Special Adviser Ceri Breeze, Office of the Chief Medical Officer Huw Brodie, Director of Strategy and Communication Sara Butlin, Sports Policy Mike Chown, Local Government Finance Richard Clarke, Making the Connections Jim Cowan, e-Wales Sue Cromack, workforce planning for NHS Wales Richard Davies, former Director of Training and Education, now Director, Public Services and Performance Christine Daws, Director of Resources, NHS Wales Julia Douch, Value Wales Mark Drakeford, Special Adviser Michael Eaton, e-Wales Gwilym Evans, Culture, Welsh Language and Sport Iwan Evans, Culture, Welsh Language and Sport John Evans, NHS Finance Martin Evans, Director, Change Programme Margaret Evans, Culture, Welsh Language and Sport Peter Farley, Public Health Protection Caren Fullerton, Change Programme Stephen Gear, CADW Paul Griffiths, Special Adviser

	Gareth Hall, Director, Department for Enterprise, Innovation and Networks
	Rob Hay, Local Government Finance
	Mary Hughes, Public Service Management Wales
	Carl James, NHS Performance Management
	Howard James, Assembly Budget Planning & Management
	Derek Jones, Senior Director (Policy)
	Gareth Jones, Director of Environment, Planning and Countryside
	Jo Jordan, Community Safety
	Reg Kilpatrick, Assembly Budget Planning & Management
	Patrick Lewis, Heads of the Valley Partnership
	Ann Lloyd, Director, Department for Health and Social Services
	Voirrey Manson, Department for Health and Social Services
	Stuart Marples, Department for Health and Social Services
	Geraint Martin, Health and Social Services Strategy Unit
	June Milligan, Business Development Director
	John Palmer, Local Government Policy
	David Phillips, Senior Medical Officer
	Steve Pomeroy, Local Government Policy
	David Pritchard, former Director of Economic Development
	Matthew Quinn, Strategic Policy Unit
	Hugh Rawlings, Director, Department for Local Government and Culture
	Chris Riley, NHS Strategy
	Emyr Roberts, Director, Social Justice and Regeneration
	Phil Rogers, Education and Training
	David Salter, Senior Medical Officer
	Mike Shanahan, Older People and Long Term Care
	Jon Shortridge, Permanent Secretary
	Simon Shouler, Transport Planning and Administration
	Mike Simmons, Senior Medical Officer
	Paul Skellon, Value Wales
	Ian Skinner, Local Government Finance
	Martin Sollis, NHS Finance
	Elizabeth Taylor, Children and Schools
	Jane Timmins, Learning Network Development
	Linda Tomos, Museums, Archives and Libraries
	Michael Trickey, Making the Connections
	Chris Tudor-Smith, Public Health Improvement
	Linda Whittaker, Housing Directorate
	Neil Wooding, Public Service Management Wales
Welsh Books Council	Elwyn Jones, Head of Administration and Public Relations
Welsh Consumer Council	Gwerfyl Pierce Jones, Director
Welsh Council for Voluntary Action	Nich Pearson, Director
	Viv Sugar, Chair
Welsh Council for Voluntary Action	Graham Benfield, Chief Executive
	Phil Jarrold, Deputy Chief Executive
Welsh Language Board	Prys Davies

	Meirion Prys Jones, Chief Executive
	Gwyneth Price
	Andrew Wyatt
Welsh Local Government Association	Political Leaders:
	Cllr Rodney Berman
	Cllr Richard Parry Hughes
	Cllr Jeffrey James
	Cllr Michael Jones
	Cllr Derek Vaughan
	Officials:
	Naomi Alleyne, Director of Equalities and Social Justice
	Dr Kevin Bishop, Director of Regeneration and Environment
	Dave Brown, Director of Resourcing
	Paul Charkiw, Head of Efficiency and Procurement
	Colin Everett, Director of Improvement and Governance
	Sue Finch, Housing Policy Officer
	Chris Freegard, Independent Adviser
	Anna Freeman, Director of Employment
	Beverlea Frowen, Director of Health, Social Care and Wellbeing,
	Rachel Jowitt, Policy Officer
	Chris Llewelyn, Director of Lifelong Learning, Leisure and Information
	Anna Morgan, Equalities Training Adviser
	Steve Thomas, Chief Executive
	Paula Walters, Policy Adviser Equalities
Welsh NHS Confederation	Mike Ponton, Director
Wrexham County Borough Council	Cllr Aled Roberts, Leader
Youth Justice Board	Greg Walker
	Susan Williams, Regional Manager Wales
Youth Offending Teams	Richard Summers, Carmarthenshire
	Steve Williams, Torfaen and Monmouthshire
Other Individuals	Sir Clive Grace
	Bryan Mitchell
	Hugh Thomas
	Dafydd Wigley

Annex 4: Consultation letter



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Dear Colleague,

Review of local service delivery in Wales - opportunity to contribute

The Welsh Assembly Government has asked Sir Jeremy Beecham, vice-chair of the Local Government Association in England, to examine the arrangements for local service delivery in Wales. Sir Jeremy will be working with a small team - Dame Gillian Morgan, Chief Executive of the NHS Confederation, and Sir Adrian Webb, previously Vice Chancellor of the University of Glamorgan. Professor Steve Martin of the Cardiff Business School will be advising the team.

The Review forms part of the Delivering the Connections action plan to make public services in Wales more responsive, more accessible, more joined up, more efficient and more effective. In her statement on 14 June, Sue Essex AM, the Minister for Finance, Local Government and Public Services, said:

'... public bodies and partners have to work much more closely together to provide services that meet the public's expectations and achieve results for them. . . To support further radical thinking, we will be undertaking a review of local service delivery within the parameters of existing local accountability arrangements.'

The Review is to report by July 2006. Its terms of reference are attached. For further details please contact www.wales.gov.uk/themesmakingconnection/index.htm.

Scope

The scope of the Review includes all local public services, whether provided by local councils, health bodies, the voluntary sector, the police and fire authorities, or any other local public service. The areas under review include:

- how services are planned, designed and managed, including funding arrangements;
- how the quality and effectiveness of service is measured and evaluated;
- who is accountable for services and what information is provided to the public about them;
- how managers in different sectors collaborate to plan and improve services, and how they engage with users and other stakeholders;
- how individuals and communities are informed and consulted about local services, including both change proposals and the quality and effectiveness of what is already in place.

Process

The Review Team is discussing these issues in detail with those who plan, deliver and inspect services. It is also keen to receive written views from other stakeholders and may wish to explore some contributions in meetings in the new year.

Questions

The review team would appreciate responses to the terms of reference, and to the following questions:

1. How well does the overall network of public services meet the needs of individuals and communities in your area?
2. How well do local bodies work together to improve services? Are there examples of arrangements (partnership working, joint planning, consultation etc) which are working well? Are services improving and how have improvements come about?
3. Are there examples of arrangements which are not working well? What are the particular problems (such as gaps/overlaps in services, inefficiencies, communication failures) and how do they affect service delivery to the citizen?
4. Are there any comments you would like to make on the following topics, or any other issues:
 - communication: the information available about public services - what is available and what standards are achieved
 - collaboration: relationships between different sectors
 - the quality, effectiveness and accessibility of services
 - service design - does the existing system provide what is needed.

Please send comments by 13 January 2006 to:

Beecham Review Team Secretariat
Making the Connections
Welsh Assembly Government
Cathays Park (1)
Cardiff
CF10 3NQ

Or email: Beechamreview@wales.gsi.gov.uk. If you have any queries or would like to discuss any aspects of the above, please contact the Secretariat on 02920 826830.

Yours sincerely

Beecham Review Team Secretariat

Annex 5: Contributors to written consultation

Abergele Town Council
 Aberystwyth Town Council
 Age Concern Cymru
 Anglesey Community Health Council
 ARENA Network
 Arts Council of Wales
 Association of Directors of Social Services (Wales)
 Bala Town Council
 Barry Town Council
 Big Lottery Fund
 Blaenau Gwent Healthier Future Partnership Board
 Blaenau Gwent Local Health Board
 Blaenhonddan Community Council
 Board of Community Health Councils in Wales
 Bontnewydd Community Council
 Brecon Beacons National Park Authority
 Bridgend Local Health Board
 Bridgend Local Strategic Partnership
 British Lung Foundation
 Bronington Community Council
 Buckley Town Council
 Cardiff and Vale NHS Trust
 Cardiff County Council
 Cardiff University
 Care Standards Inspectorate for Wales and Social Services Inspectorate for Wales
 Carmarthenshire NHS Trust
 Cartrefi Cymru
 Ceredigion Association of Voluntary Organisations
 Children's Commissioner for Wales
 Citizens' Advice Cymru
 Committee for the Improvement of Hospital Services
 Conwy and Denbighshire NHS Trust
 Conwy Voluntary Services Council
 Cornelly Community Council
 Countryside Council for Wales
 Cuthbert, Jeff AM
 Cwmbran Community Council
 Darran Valley Community Council
 Denbighshire County Council
 Disability Rights Commission (Wales)
 Dissert and Trecoed Community Council
 Dyfed-Powys Police
 Environment Agency Wales
 Equal Opportunities Commission
 Erwood Community Council
 Ewenny Community Council
 Fforwm
 Flint Town Council
 Flintshire Community Strategy Partnership Board
 Flintshire County Council
 Flintshire Local Voluntary Council
 Forestry Commission Wales
 North Gwynedd Community Health Council
 Gwynedd Council
 Henllys Community Council
 Institute of Chartered Accountants in England and Wales
 Jones-Davies, Sue
 Llandough Community Council
 Llandrindod Wells Town Council
 Llanelli Rural Council
 Llanelli Town Council
 Llangunnor Community Council
 Llantilio Pertholey Community Council
 Llanuwchllyn Community Council
 Local Health Boards in Wales
 Maelor South Community Council
 Mid and West Wales Fire and Rescue Authority
 Milford Haven Town Council
 Mold Town Council
 Monmouthshire County Council and Monmouthshire Local Health Board
 National Health Service Trust Chairs in Wales
 National Probation Service

National Public Health Service for Wales
 NCH Cymru
 Neath Port Talbot County Borough Council
 Neath Port Talbot Local Health Board
 Newport City Council
 Newport Local Health Board
 Newtown and Llanllwchaearn Town Council
 North West Wales NHS Trust
 One Voice Wales
 Pembroke Dock Town Council
 Pembrokeshire County Council
 Pembrokeshire Local Health Board
 Pen-y-ffordd Community Council
 Penally Community Council
 Penrice Community Council
 Peterston-super-Ely Local Community Council
 PHA Cymru
 Police Services in Wales (Joint submission from
 Dyfed-Powys Police; Gwent Police; North Wales
 Police; South Wales Police)
 Pontarddulais Town Council
 Pontypool Community Council
 Powys Association of Voluntary Organisations
 Prince's Trust Cymru
 Raglan Community Council
 Rhossili Town Council
 Roberts, John, Councillor
 Smith, Val, Councillor
 Society of Local Authority Chief Executives and
 Senior Managers (SOLACE) Wales
 Society of Welsh Treasurers
 Solva Community Council
 St Brides Major Community Council
 St Ishmaels Community Council
 Swansea National Health Service Trust
 Tremeirchion Community Council
 Treuddyn Community Council
 Upper Killay Community Council
 Vale of Glamorgan Local Health Board
 Voluntary Action Merthyr Tydfil
 Wales Council for Voluntary Action
 Wales Local Health Board Chairs Group
 Wales Tourist Board
 Wales Women's National Coalition
 Welsh Association of National Park Authorities
 Welsh Food Alliance
 Welsh Language Board
 Welsh Local Government Association
 Welsh NHS Confederation
 Welsh St Donats Community Council
 Wheldon, G. H.
 Whitton Community Council
 Wrexham County Borough Council
 Youth Offending Team Managers Cymru (YMC)
 Ysceifiog Community Council

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The report is also available on our website at:

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