

WLGA Annual Conference 2014
Thursday, 19th June 2014 – Venue Cymru, Llandudno

**Devolved Public Services and the Challenge of Change
in the next ten years
(Intro slide)**

Good morning.

We are in an era where patterns of delivery are being reconsidered across the public service landscape and we are all anticipating governmental responses to the Williams and Silk reports.

So where are we?

Williams was a useful and broad survey of Welsh public services – but lacked a truly coherent vision. We need government to lead in developing a clear picture of what we want from public services and local authorities.

Slide 1: Relevant, trusted councils for strong communities

Form follows function

Form must follow function. What are the models of delivery and enablement that will help us deliver value and quality for the next ten years and more? This is paramount and must precede any discussion on boundaries.

Inheritors of the Cantrefi

But we need to be aware that ancient boundaries continue, not just in people's hearts and minds but in geographical terms. This map shows the ancient Cantrefi of Wales. Some of the boundaries are familiar.

There are natural groupings that stand the test of time and generate strong attachments. You don't fiddle with that without a very good reason.

The power of "Y Bro" in Wales is strong. People have a fierce devotion to their community and the interests of local people has given rise to some of our most valued public institutions. We need to harness this quality if we are to achieve successful transformation.

Services meet needs

But our concepts of value are often too strategic and fail to resonate with local communities.

Engaged and visible

Those who plan and deliver services need to be visible to local communities and open to their ideas of what represents value for them. For local people to engage with the improvement agenda they must understand the implications for the quality and safety of the services on which they depend.

My study on Public Engagement in Local Government found few practical examples of collaborative forms of engagement and since then I have seen little evidence of a shift towards co-production or as it is often described, 'working with, not to'.

Well governed, trusted and transparent

Disillusionment with public services becomes most entrenched when someone has a negative personal experience reinforced by negative messages from local media or social media without understanding the context (remember more than half the people of Wales do not know who runs our NHS).

When public services score repeated own goals, in relation to compliance and governance, they make it more difficult for communities to trust them.

- I have had to make my audit regime for town and community councils more, not less rigorous as a direct consequence of a series of governance failures and at the urging of the Public Accounts Committee.
- The review I conducted jointly with HIW into governance issues at Betsi Cadwalder Health Board has led to the development of an escalation and intervention protocol.
- You will be aware of recent public interest reports on Welsh councils.

The message is clear – whatever else you consider reducing, your focus on governance and accountability cannot slip.

But, if you develop more robust internal audit and scrutiny arrangements many of these financial management and governance issues can be identified and addressed within your council. ..and that in turn enables me to lighten the audit programme and reduce your audit fees.

Clear, comparable, well-chosen performance information

Without timely, robust performance information we find it very hard to make fair comparisons across public service and national boundaries. But without such comparison we cannot raise the aspirations of our communities or target improvement efforts to maximum effect . So we must all engage in a sensible and mature debate on what information is necessary then make sure it is gathered, analysed and used to raise our game.

Slide 2 - Future focused and strategic

To be a high performing public service for the next decade we have to think more strategically. Salami slicing services has been an easier choice for the short term, but those who take the harder road of service review and redesign are going to see the benefits. It is this long-term thinking that can safeguard essential services for the future and produce innovations and efficiencies that make best use of limited resources.

My recent report on *Meeting the Financial Challenges Facing Local Government in Wales* highlights the perfect storm. Sharp reductions in funding coupled with pressures from a growing, and ageing, population – with rising demands in areas such as social services and education. All of this spells trouble for local authorities if they do not have robust, longer-term, strategies in place which are linked to medium term financial plans. Too many councils are falling short and running out of time.

Because we have to be realistic about resource limits. At present it seems there is to be more money for health, social services and education. As an auditor, I have to ask the question. Where is the money coming from –even with further devolved fiscal powers? Borrowing, and perhaps tax-raising, powers have to be used wisely and not just to avoid hard decisions.

Money isn't the only finite resource. The Future Generations Bill challenges us to demonstrate how we consider the impact of our decisions in the longer term. This raises the twin issues of stewardship and value to the top of the agenda and requires us to give up our fiefdoms.

Slide 3: Integrated, innovative and supported by external review

Integrated: seamless at point of delivery

We know that service users don't care about how public services are configured, nor who runs them but rather want simpler and more accessible ways of interacting with providers.

Describing the Social Services and Well-being (Wales) Act 2014

Gwenda Thomas, said that "a key plank of the transformation that is proposed is about achieving greater integration"

We need to find new, more integrated ways of meeting need for the next decade, such as co-production, and look to the third sector and others outside of mainstream public service bodies, for inspiration

Innovative: sharing learning: mistakes as opportunities

Well-managed risk taking is also vital to our success as a public service in the next ten years. But balancing flexibility with accountability is the challenge - as we have seen in some recent high profile cases.

Timely and helpful external review: risk based and proportionate

You will be aware that the Wales Audit Office is an advocate of shared learning. We seek to act as a conduit for the helpful ideas and innovations that we identify in the course of our audit work . And we see mistakes as opportunities to learn.

My recent study on scrutiny in local government integrated shared learning activity throughout and beyond the life of the study itself. I want to undertake more such 'real-time' audit work that actively engages and involves members and officers in my work programme.

I am keen to provide audit commentary that informs (not duplicates) the work of policy and decision-makers, avoids undue focus on process and is **proportionate to risk**.

The Wales Audit Office is strengthening our sector understanding and relationships with audited bodies to better target our resources in these fast moving times, and help support transformation with well-timed and robust evidence.

Thank you

