

Welsh Government Response to the Report of the Public Accounts Committee: A Picture of Public Services

We welcome the findings of the report and offer the following response to the eleven recommendations contained within it.

Recommendation 1:

We recommend that the Welsh Government takes action to monitor, and make publicly available, its progress in driving up financial management across public services. We anticipate that this will incorporate good practice in financial management being shared across the public sector.

Response: Accepted.

The Welsh Government's **Finance Leadership Division (FLD)** has been established in partnership with the Welsh Public Sector. The aims of the Division are to improve financial management leadership skills across the public sector in Wales and to build a public sector finance community of the highest quality, which will contribute to the transformation of public services in Wales. In taking this work forward, we are engaging regularly with the accountancy bodies in Wales.

To achieve this, the Finance Leadership Division (FLD) is

- developing and delivering an innovative and specialist **Finance Leadership Programme (FLP)** for senior finance leaders within the Welsh public sector. Within this Programme, good practice in financial leadership is instructed with support available to embed the learning in the workplace;
- improving networking within the finance community of the Welsh Public Sector via twice yearly National Conferences and Regional Meetings in addition to a range of other events which support the priorities of the network members e.g. to support sustainability and benchmarking activities which are pertinent to the senior finance leadership community in Wales ; and
- exploring and delivering opportunities for collaborative working in this community to achieve better value for money and sharing best practice in financial management.

As part of the ESF funding conditions, the Finance Leadership Division is required to undertake rigorous monitoring on the effectiveness of all its activities. This is reviewed on a quarterly basis by WEFO and is recorded via WEFO Online. The key deliverables and progress achieved against all activities are available on the Finance Leadership Network website which is a secure resource accessible by all Network members.

Recommendation 2:

We recommend that the Welsh Government takes further action to encourage local authorities to use reserves to support transformation, while ensuring that

they maintain a prudent level of reserves to manage future risks and requirements.

Response: Accepted.

Local authorities are required to manage their resources in line with statutory requirements and guidance and are accountable for the decisions they make about the use of their resources, in particular their reserves, taking account of local circumstances and priorities. Nevertheless, the Welsh Government actively encourages and supports authorities to invest in transformational activity to improve services or value for money from all sources of funding available, including reserves.

Recommendation 3:

We recommend that, in line with the views of the National Assembly for Wales's Finance Committee, the Welsh Government holds senior management within Local Health Boards to account for their statutory financial management responsibilities, following the end of the 2011-2012 financial year. In subsequent years thereafter, we recommend that the Welsh Government set out a financial accountability framework for Local Health Boards, to promote effective financial planning and delivery of services in accordance with statutory responsibilities. This should include information on incentives and sanctions for senior managers as appropriate.

Response: Accepted.

The Minister for Health and Social Services wrote to Local Health Boards in March to reinforce her message that senior management would be held to account if they failed to deliver on their statutory financial targets. Furthermore, the Welsh Government is currently working on the introduction of a new financial regime for the NHS which will clearly set out and strengthen accountability arrangements going forward. The work will also focus on better medium and longer term planning with improved integration of financial, workforce and service elements.

Timing: The development of the new regime will be completed by November 2012 with a phased introduction thereafter, depending on the nature of the changes that are to be implemented.

Recommendation 4:

We recommend that Local Health Boards are enabled to make more effective use of funding across financial years in line with Local Authorities. This would enable improved financial planning in the medium to long-term.

Response: Accepted.

As part of the work on the introduction of a new financial regime a specific working group is to be established which will focus on how we can implement additional financial flexibility within the NHS.

Timing: The group is expected to report its recommendations in November 2012.

Recommendation 5:

We recommend that the Welsh Government ensures that individual NHS bodies make public the plans for service transformation and the analysis that underpins those plans, including the likely impact on patients and the wider community.

Response: Accepted

WG has already issued guidance setting out expectations for how NHS organisations engage and consult on plans for transforming services. Included within the guidance is:

“When managing service changes, an NHS body should: set out a clear rationale for change, supported by a clinical case which demonstrates the benefits of change and the risks of remaining the same.”

The National Director for Together for Health is working closely with the National Director of the Community Health Councils, and Health Board Directors of Governance to ensure all processes align with the national guidance issued by the Welsh Government. The National Clinical Forum will provide assurance the plans provide a basis for the safe and sustainable delivery of services and combine to create a realistic and ambitious way forward for healthcare in Wales.

Individual Health Boards will be responsible for implementation of local plans following extensive local engagement and once they are signed off through the appropriate Board governance processes. Progress will be closely monitored by the Welsh Government through existing performance management arrangements centrally.

Community Health Councils will have a vital role to play in scrutinising and supporting the implementation of the plans locally.

Recommendation 6:

We recommend that the Welsh Government supports existing methods for disseminating good practice, such as promoting use of the Good Practice Exchange on the Wales Audit Office’s website, to systematically draw together the characteristics of good practice from all areas of the public sector, and to ensure that such practice can be effectively transferred to services at a local level.

Response: Accepted.

Through the work of the Public Service Leadership Group and wider work with public service partners – nationally, regionally, and locally – we will continue to support the dissemination and adoption of good practice. We welcome the close working to date with the WAO and see this as a critical continued feature of our collective leadership approach to identify and share best practice – through approaches such as Good Practice Exchange - as well as broader public service reform and delivery.

Recommendation 7:

We recommend that the Public Services Leadership Group identify, learn from and promote examples of good practice implemented by the police and fire and rescue services to deliver services within budget, make good use of collaboration, and deliver transformational change.

Response: Accepted.

The Police and Fire & Rescue Services are strongly engaged in the national work programmes and the regional leadership networks of the Public Service Leadership Group. This is essential both for encouraging learning across the public service but also redesigning and integrating services to better meet people's needs.

As part of the Effective Services for Vulnerable Groups programme Gwent Police have championed a multi-agency project to establish a better way of responding to children and young people who repeatedly go missing. If the pilot of a multi-agency safeguarding hub (the "HUB") in Gwent is successful the new approach could be applied to other parts of Wales and to other areas of Safeguarding and Public Protection.

The police are also using their experiences to play a leading role on the regionalisation of, and development of a multi-agency approach for, emergency planning services across Wales. The benefits and efficiencies realised by South Wales Police through the application of lean / systems thinking are a particular example that others across public services can and should learn from. To this end, South Wales Police shared these experiences at a recent pan-public service 'Lean Practitioners' network event arranged as part of the work under the PSLG's Organisational Development and Simpson Implementation work programme.

Recommendation 8:

We recommend that the Welsh Government promotes the Wales Audit Office model for cost reduction to all public services to help mitigate the impacts of cuts and work collaboratively to take account of local and national priorities.

Response: Accepted.

The Wales Audit Office model for cost reduction is a structured, practical and accessible approach that the public service community can benefit from. It is complemented by policy developments such as the creation of Single Integrated Plans by each Local Service Board – which are helping to develop a shared evidence base and set of priorities for public service partners at a local level – as well as other national guidance such as “Managing Welsh Public Money”. We will work with the Wales Audit Office to continue to promote and support adoption of such approaches. A link to the WAO’s Cost Reduction Guide, which is contained on its Good Practice Exchange, is being installed on the Finance Leadership Network’s internet site.

Recommendation 9:

We recommend that the Public Services Leadership Group build on the progress of the Efficiency and Innovation Programme by ensuring that the good practice identified through the Lean/Systems thinking and the Kafka Brigade method is actively promoted across the public sector.

Response: Accepted.

The PSLG’s Effective Services for Vulnerable Groups work programme is developing and encouraging adoption of a number of new approaches for providing more integrated and preventative services for our most vulnerable people. A particular example is the development of best practice for all front-line staff who come into contact with potential victims of domestic abuse. This builds on the learning from the Kafka Brigade-led projects in RCT, Merthyr and Newport, each of which looked at the way in which public services work together from the perspective of a victim of domestic abuse, and forms a key part of the ‘10,000 safer lives’ Programme for Government commitment.

The PSLG’s Organisational Development and Simpson Implementation work programme is continuing the operational transformation work of the Efficiency and Innovation Programme. As well as looking at shared services and agile working the work programme is promoting the application of lean / systems thinking. This includes supporting the development of a lean/systems thinking practitioners network to build a skills base and encourage widespread use.

Recommendation 10:

We recommend that the Welsh Government robustly monitor the performance of its model for regional collaboration. We believe that any model must ensure that councillors and citizens are central to discussions on the way that local services are delivered and that there is appropriate governance and accountability.

Response: Accepted.

Increased regional collaboration is a key part of the Welsh Government’s agenda for public service reform, on which the Welsh Government has showed leadership through setting the collaborative footprint for public service

delivery. The Compact for Change – developed by the Welsh Government and the Welsh Local Government Association and agreed by the Welsh Government and local government at the Partnership Council in December 2011 – fully recognises the vital role that local councillors undertake. It makes clear:

“To sustain services councillors will need to encourage and support collaborative arrangements when they reduce cost and/or improve services. Transparent performance management and governance arrangements which allow councillors continued engagement in service scrutiny are prerequisites for effective collaboration.”

The Welsh Government will continue to work with local government to ensure that appropriate governance models are put in place to support effective local, regional and national collaboration. This will include regulations and guidance on joint overview and scrutiny committees under the Local Government (Wales) Measure 2011 to be issued for consultation shortly. Evidence on the benefits of regional collaboration will be shown in the business cases for agreed collaborations, and reflected in the measurement framework developed to support the work of the Public Service Leadership Group.

Recommendation 11:

We recommend that the Accounting Officer provides us with an update within 12 months on the progress in delivering the recommendations made by the Auditor General and our own.

Response: Accepted.

A report on progress in delivering all the recommendations made by the committee and Auditor General for Wales will be submitted to the committee in June 2013.