

Meeting of:	<b>Homes and Safe Communities Scrutiny Committee</b>
Date of Meeting:	<b>Wednesday, 13 November 2019</b>
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Wales Audit Office Follow Up Review: Delivering with Less- Environmental Health Services (Vale of Glamorgan).
Purpose of Report:	To advise Members of the findings of the Auditor General for Wales' examination of the Vale of Glamorgan's Environmental Health Services as part of a follow up review, alongside the Council's response to its findings.
Report Owner:	Miles Punter, Director of Environment and Housing and Sponsoring Director for Well-being Outcome 1 'An Inclusive and Safe Vale.'
Responsible Officer:	Miles Punter, Director of Environment and Housing and Sponsoring Director for Well-being Outcome 1 'An Inclusive and Safe Vale.'
Elected Member and Officer Consultation:	Regulatory reports apply to the whole authority. Progress in relation to areas for improvement arising from the Annual Regulatory Plan is reported to relevant Scrutiny Committees, Cabinet and Audit Committee for final oversight. The Insight Board's Tracker monitors progress on all regulatory recommendations/proposals for improvement on a monthly basis and reports to Corporate Management Team.
Policy Framework:	This is a matter for Executive decision by Cabinet.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The Wales Audit Office follow up review of environmental health services in the Vale of Glamorgan considered whether there has been any budgetary or workforce changes within the Council's environmental health services and considered the extent to which these changes have addressed the recommendations identified in the previous 2014 national report.</li> <li>• Overall, the report findings were generally positive, and it concluded that 'The Shared Regulatory Services (SRS) model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation'. The review identified that 'there is scope for the Council to strengthen its independent oversight and assurance arrangements of the SRS and work with SRS and other providers to explore opportunities for future improvement'.</li> </ul>	

The key findings from the follow up review were:

- Resources available to environmental health services have reduced since 2014-15, but the Council's performance has been maintained by collaborating with two other councils through the SRS;
- Whilst the Council and SRS are confident that environmental health obligations are being met, neither have explicitly assessed whether this is the case and would benefit from working together to distinguish between statutory and non-statutory services to help inform decision making around any future budget reductions;
- Governance and performance management frameworks are robust, but arrangements for review and challenge of performance information could be formalised;
- There is scope for the Council to improve the level of independent challenge, oversight and member scrutiny it exercises in relation to environmental health services provided by third parties;
- The Council has consulted key external stakeholders on significant changes to environmental health services, but should more carefully consider the impact of future changes on residents and businesses and undertake direct consultation where appropriate; and
- The Council and the SRS must continue to innovate and transform services in order to help mitigate any future funding reductions.
- In response to these report findings the Head of Shared Regulatory Services worked in collaboration with other officers to develop an action plan which will now be progressed by the Council.

## **Recommendations**

1. That the Scrutiny Committee (Homes and Safe Communities) consider the key findings arising from the Wales Audit Office's follow up review of environmental health services in the Vale of Glamorgan (**Appendix A**) and the Council's response to the review and the Wales Audit Office's proposals for improvement (**Appendix B**).
2. That, subject to recommendation one, this report be referred to Audit Committee and thereon Cabinet for endorsement of the proposed actions to address the proposals for improvement.

## **Reasons for Recommendations**

1. To provide for scrutiny and review of the Wales Audit Office's follow up review of environmental health services findings and the Council's response.
2. To ensure the Council responds appropriately and implements areas of improvement as identified by the Wales Audit Office.

## **1. Background**

- 1.1 All Councils undertake a range of statutory environmental health duties aimed at safeguarding and protecting our citizens, as it is these services that have a direct impact on the health, well-being and safety of our residents and visitors in our local communities. These broad range of services include food safety, pest control, dog control, housing as well reducing the cause and effects of air and noise pollution.
- 1.2 Within the Vale of Glamorgan, the Council operates its environmental health services through a shared services model. This shared service model has been in place since May 2015 involving Bridgend County Borough Council, Cardiff Council and the Vale of Glamorgan County Borough Council, which has become known as the Shared Regulatory Service (SRS). SRS are responsible for the provision of environmental health, licensing and trading standards services across all three councils. This model was established to secure the effective use of council resources whilst continuing to maintain high quality service delivery.
- 1.3 During October 2014, the Auditor General produced a national report on 'Delivering with Less- The impact on environmental health services and citizens'. Between April and July 2019, the Wales Audit Office's undertook a follow up review of environmental health services in the Vale of Glamorgan. This follow up review evaluated whether there has been any budgetary or workforce changes within the Council's environmental health services and considered the extent to which these changes have addressed the recommendations identified in the 2014 national report. Therefore, the remit of this follow up review concentrated

on assessing the Council's progress in relation to recommendations 2<sup>1</sup>, 3<sup>2</sup>, 4<sup>3</sup> and 5<sup>4</sup> of the previous national review.

- 1.4** In addition to undertaking a desktop review of documentation the Wales Audit Office also interviewed a selection of officers and members, whose remits cover environmental health services.

## **2. Key Issues for Consideration**

- 2.1** **Appendix A** contains the Wales Audit Office's follow up report of the Council's environmental health services.

- 2.2** Overall, the report findings were generally positive, and it concluded that 'The Shared Regulatory Services (SRS) model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation'. However, the review did identify that 'there is scope for the Council to strengthen its independent oversight and assurance arrangements of the SRS and work with SRS and other providers to explore opportunities for future improvement'.

- 2.3** The Wales Audit Office reached this conclusion based on the following:

- Resources available to environmental health services have reduced since 2014-15, but the Council's performance has been maintained by collaborating with two other councils through the SRS;
- Whilst the Council and SRS are confident that environmental health obligations are being met, neither have explicitly assessed whether this is the case and would benefit from working together to distinguish between statutory and non-statutory services to help inform decision making around any future budget reductions;
- Governance and performance management frameworks are robust, but arrangements for review and challenge of performance information could be formalised;
- There is scope for the Council to improve the level of independent challenge, oversight and member scrutiny it exercises in relation to environmental health services provided by third parties;
- The Council has consulted key external stakeholders on significant changes to environmental health services, but should more carefully consider the impact of future changes on residents and businesses and undertake direct consultation where appropriate; and
- The Council and the SRS must continue to innovate and transform services in order to help mitigate any future funding reductions.

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<sup>1</sup> R2: Provide scrutiny chairs and members with the necessary skills and support to effectively scrutinise and challenge service performance, savings plans and the impact of budget reductions.

<sup>2</sup> R3: Improve engagement with local residents over planned budget cuts and changes in services.

<sup>3</sup> R4: Improve efficiency and value for money.

<sup>4</sup> R5: Improve strategic planning.

- 2.4** In response to these report findings the Head of Shared Regulatory Services worked in collaboration with other senior officers to develop an action plan (**Appendix B**) to be progressed by the Council.
- 2.5** In line with the Council's performance monitoring arrangements, the key areas for improvement identified will be incorporated within the Insight Board's Tracker, which monitors progress monthly. Members of this Committee will continue to be informed of progress against all regulatory improvement areas via a half-year update report and this will be supplemented with the annual review of progress, which will be reported to Scrutiny Committees prior to reporting to the Audit Committee for final oversight.
- 2.6** It is recommended that the Scrutiny Committee considers the content of the report including the Council's response (in the form of the action plan) and thereafter refer this to Audit Committee and then onto Cabinet for their consideration incorporating any recommendations/comments of the Scrutiny Committees and that of the Audit Committee.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** Performance Management is an intrinsic part of corporate governance and integrated business planning which underpins the delivery of the Council's Corporate Plan and its Well-being Outcomes. Our Corporate Plan has been structured around the Well-being of Future Generations (Wales) Act 2015, through the development of four Well-being Outcomes and eight Well-being Objectives. By aligning our Well-being Outcomes in the Corporate Plan with the Well-being Goals of the Act, this will enable us to better evidence our contribution to the Goals.
- 3.2** External Regulation is an important vehicle for driving continuous improvement across our services. Progressing the improvement areas identified by our regulators not only enables us to demonstrate our commitment to continuous service improvement, but also contributes to further strengthening our impact on the national well-being goals through the achievement of our well-being objectives.
- 3.3** The areas of improvement identified by our external regulator and the associated action plan produced by officers has been developed with the five ways of working in mind. The focus of these is on developing innovative ways of working that better integrate services, whilst enabling us to work more collaboratively with our partners and citizens to involve them in improving service delivery. These improvement actions also focus on preventative actions that will enable us to sustain and future proof our services into the longer term.

## **4. Resources and Legal Considerations**

### **Financial**

- 4.1** There are no additional budgetary implications arising from this report, although poor performance against the improvement areas as outlined in the Wales Audit Office's report could have a negative impact on any future external regulatory assessments of the Council which could in turn put funding opportunities at risk.

### **Employment**

- 4.2** There are no direct workforce related implications associated with this report. However, there are a number of issues contained within the report that if not effectively managed have the potential to impact on our staff establishment and performance overall. This may in turn impact adversely on delivery of environmental health services and achievement of key outcomes associated with the Corporate Plan.

### **Legal (Including Equalities)**

- 4.3** The Local Government (Wales) Measure 2009 requires that the Council secure continuous improvement across the full range of local services for which it is responsible.
- 4.4** The Well-being of Future Generations (Wales) Act 2015 requires the Council to set and publish annual Well-being Objectives that maximise its contribution to achieving the Well-being goals for Wales and report its progress in meeting these.
- 4.5** The Auditor General for Wales is statutorily required under the Well-being of Future Generations (Wales) Act 2015, to examine public bodies to assess the extent to which they have acted in accordance with the sustainable development principle when setting their wellbeing objectives and taking steps to meet them.

## **5. Background Papers**

None



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Appendix A

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Delivering with Less – Environmental Health Services – Follow-up Review – **Vale of Glamorgan Council**

Audit year: 2018-19

Date issued: September 2019

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

The work was delivered by Grant Thornton UK LLP under the direction of Huw Rees.



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# Summary report

## Summary

### What we reviewed and why

- 1 In October 2014, the Auditor General published a national report, **Delivering with less – the impact on environmental health services and citizens** (see **Appendix 1** for the recommendations from that report). Our local review in 2019 assessed whether there have been any budget and staff changes within the Council's environmental health services and the extent to which it has addressed the recommendations included in our 2014 national report. For the purposes of this review, we focused on the Council's progress in addressing recommendations 2, 3, 4, and 5.
- 2 Councils have numerous statutory environmental health duties and citizens highly value many of the environmental health services provided. Furthermore, environmental health services directly impact upon the health, wellbeing and safety of residents and visitors to Wales.
- 3 Environmental health services cover a range of issues, such as food safety, pest control, dog control, housing and reducing the causes and effects of air pollution.
- 4 To inform our findings, we interviewed a selection of officers and members, whose remit includes the Vale of Glamorgan Council's (the Council) environmental health arrangements. We also reviewed relevant documentation.
- 5 We undertook the review during the period April 2019 to July 2019.

### Background

- 6 Since 1 May 2015, Cardiff Council, Bridgend County Borough Council and the Vale of Glamorgan County Borough Council (the Council) have been operating a joint service known as the shared regulatory service (SRS). The SRS provides environmental health, licensing and trading standards services. The Council continues to provide other services outside the SRS, as listed in paragraph 11 below.
- 7 The SRS has a single management team working across the three Councils. It operates under a joint agreement between the participating councils. It is governed by a Management Board (officer-led) and a Joint Committee, consisting of six elected members, two from each council.
- 8 The SRS provides core services (functions common to all councils) and specific services which are unique to each council. Core services are jointly funded, and the contribution of each council is based on their population.
- 9 The SRS was established to make more effective use of the councils' resources and to enable the three councils to continue to deliver high-quality services whilst reducing costs.

- 10 This report provides an assessment of the Council’s environmental health service performance including services delivered directly by the Council (such as environmental enforcement) as well as those delivered jointly through SRS.
- 11 **Exhibit 1** below sets out the services which were in scope of our review:

**Exhibit 1: services which were in scope of our review**

Services provided by the SRS	Services provided by the Council
Pollution Control Food safety Health & Safety Infectious diseases Private sector housing Pest control Port health function Burial/cremation of persons deceased at public expense	Environmental enforcement (outsourced to a third party)

**What we found**

- 12 Our review sought to answer the question: Is the Council’s environmental health service continuing to deliver its statutory obligations given the financial challenges?
- 13 The shared regulatory services (SRS) model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation. There is scope for the Council to strengthen its independent oversight and assurance arrangements of the SRS and work with SRS and other providers to explore opportunities for future improvement. We reached this conclusion because:
- Resources available to environmental health services have reduced since 2014-15 but the Council’s performance has been maintained by collaborating with two other councils through the SRS;
  - Whilst the Council and SRS are confident that environmental health obligations are being met, neither have explicitly assessed whether this is the case and would benefit from working together to distinguish between statutory and non-statutory services to help inform decision making around any future budget reductions;
  - Governance and performance management frameworks are robust but arrangements for review and challenge of performance information could be formalised;
  - There is scope for the Council to improve the level of independent challenge, oversight and member scrutiny it exercises in relation to environmental health services provided by third parties;

- The Council has consulted key external stakeholders on significant changes to environmental health services, but should more carefully consider the impact of future changes on residents and businesses and undertake direct consultation where appropriate; and
- The Council and the SRS must continue to innovate and transform services in order to help mitigate any future funding reductions.

## Proposals for improvement

### Exhibit 2: proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review. Please note that the proposals for improvement apply to both services provided by the SRS and by the Council, unless stated otherwise.

Proposals for improvement	
P1	The Council should subject any future changes to environmental health services to a more rigorous analysis of costs, benefits and impacts. We found some evidence of cost/benefit/impact analysis being performed to enable decision-making around savings and changes to services. Whilst some consideration was given to the impact of staffing restructuring over the period between 2018-2021, members and officers acknowledged that the real impact of this will be largely unknown until £498k of savings begin to take effect.
P2	The Council should investigate further possibilities for commercialisation and income generation for environmental health services in order to provide additional financial capacity if funding reduces in the future.
P3	When considering how environmental health services may need to change in the future, the Council should ensure that the distinction between statutory and non-statutory services is clearly documented and understood by decision-makers. This will help to ensure that statutory responsibilities and powers are weighed and prioritised appropriately alongside discretionary services.
P4	The Council should introduce greater challenge of the level and quality of environmental health services provided by third parties, including the SRS under the Joint Working Agreement.
P5	The Council should work with SRS to undertake a review of business continuity and succession planning arrangements in relation to the SRS to mitigate the risk of overreliance on key individuals, such as the Head of SRS and operational managers.
P6	The Council should strengthen accountability and elected member oversight of its environmental health services, for example through more regular scrutiny of services provided by third parties, including the SRS.
P7	The Council should consider introducing more structured and targeted development and training opportunities for relevant members, which may be beneficial in the event of changes in personnel and in areas experiencing changes in legislation, e.g. air pollution/food safety/infectious diseases.

### Proposals for improvement

P8	The Council should more clearly link any future decisions on changes to service levels to an assessment of impact on relevant stakeholders, including service users and residents. Whether consultation is necessary, and the most appropriate means of consulting should be decided on a case-by-case basis. However, where changes are likely to impact service users, businesses and local residents, they should be aware of and consulted on these decisions.
P9	The Council needs to build on initiatives such as the Noise app, to ensure that future funding reductions can be mitigated by innovation and transformation in service delivery and that environmental health services are able to benefit from new technologies.

# Detailed report

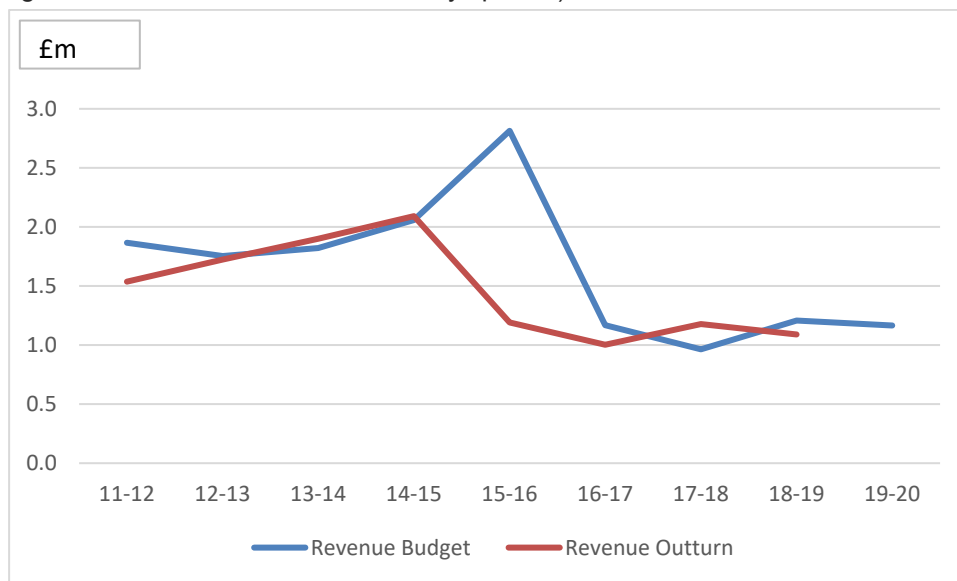
The shared regulatory services (SRS) model is enabling the Council to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities placed on it by ongoing changes in legislation. There is scope for the Council to strengthen its independent oversight and assurance arrangements of the SRS and work with SRS and other providers to explore opportunities for future improvement

Resources available to environmental health services have reduced since 2014-15 but the Council's performance has been maintained by collaborating with two other councils through the SRS

- 14 The delivery of environmental health services through the SRS provides flexibility and resilience. Whilst resources have reduced the SRS has been able to shift resources as priorities change and issues arise. Through the SRS, the Council has been able to continue to deliver some non-statutory environmental health services, such as pest control and food hygiene events.
- 15 The cost of providing the services has reduced from £1.537m in 2011-12 to £1.089m in 2018-19 (revenue outturn, combined Vale of Glamorgan and Vale of Glamorgan SRS services), as illustrated in [Exhibit 3](#), representing a reduction of 29%.

**Exhibit 3: the Net Cost of Environmental Health Services, Vale of Glamorgan and SRS Combined – Revenue Budget compared to Outturn from 2011-12 to 2019-20**

(This includes services that were retained by the Council as well as the cost of Vale of Glamorgan SRS services, core and authority specific)

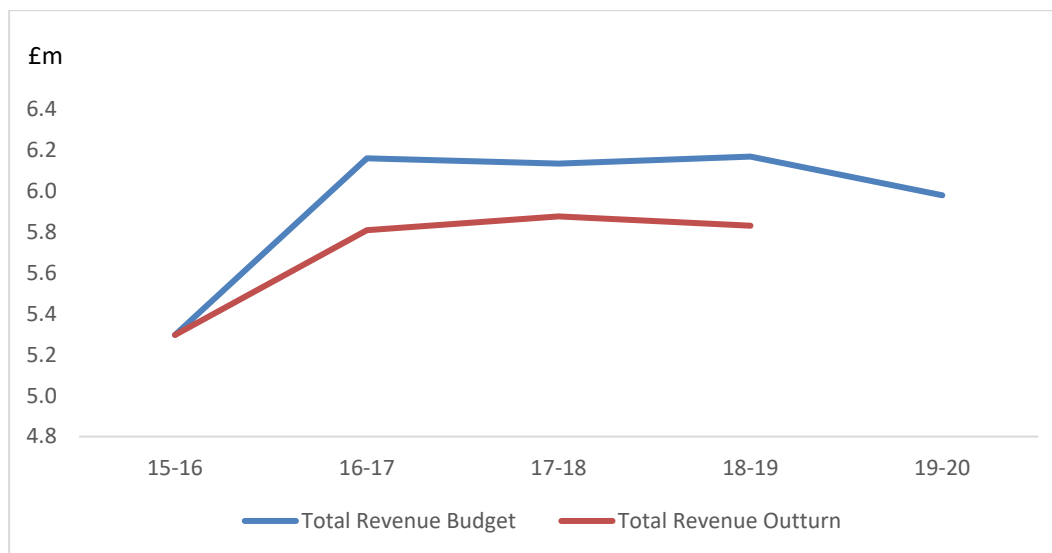


Source: WAO Delivering with Less - Review of Environmental Health Services 2015, Vale of Glamorgan Council and SRS

- 16 The SRS provides the majority of the Council’s Environmental Health Services except for environmental enforcement. **Exhibit 4** below illustrates the cost of the SRS for all three councils, showing a trend in reduction in overall costs since the creation of SRS. As the SRS began on the 1 May 2015, costs for 2015-16 only reflect 11 months of the year.



Exhibit 4: total cost of SRS, for all three Councils combined (including core and authority specific services)



Source: Vale of Glamorgan Council and SRS

- 17 The creation of SRS delivered an immediate and significant saving in comparison to the total of the previous service budgets for the participating organisations. The SRS has agreed to deliver 5% budget reductions on an annual basis from 2018-19 to 2020-21. This represents a core budget reduction of £830,000 (of which £166,000 relates to the Vale of Glamorgan’s contribution). These figures include all SRS services, including those outside the scope of this review, such as trading standards.
- 18 When the SRS was established administrative costs and overheads such as building costs remained with the individual councils. These overheads are not included within the financial information for the SRS (Exhibit 4) but are included within Exhibit 3.
- 19 The SRS achieved an underspend of £496,000 in 2018-19, of which it could retain £200,000. This underspend was achieved due to staff vacancies and restructuring of the service during 2018. The Joint Committee have agreed that the £200,000 underspend can be retained by the SRS to invest in initiatives to address the current vacancies, rather than being returned to participating councils. This demonstrates that the three councils value the role of the SRS. The remaining underspend will be returned to the Councils based on the agreed funding formula.
- 20 The 2018-19 provisional outturn position for the SRS is illustrated in Exhibit 5 below.

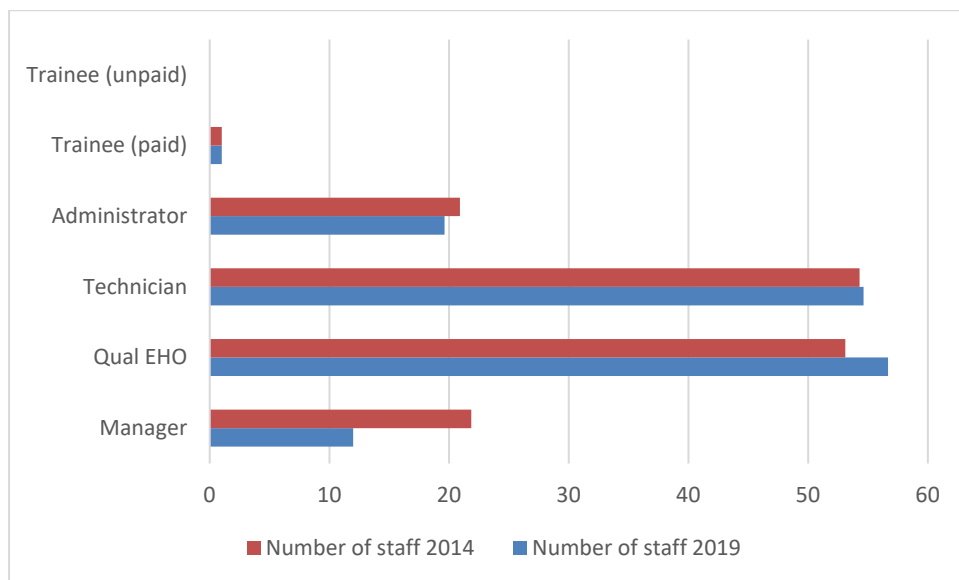
Exhibit 5: 2018-19 provisional outturn position for the SRS

Council	Gross budget £000	Outturn £000	Variance £000
Cardiff	4,978	4,789	189
Bridgend	1,774	1,602	172
<b>Vale of Glamorgan</b>	<b>1,752</b>	<b>1,617</b>	<b>135</b>
<b>Total</b>	<b>8,504</b>	<b>8,008</b>	<b>496</b>

Source: Joint Committee papers 11 June 2019. These figures are for all services provided by SRS and includes services outside the scope of this review, such as Trading Standards.

- 21 Staff numbers have reduced from 2014 to 2019. In 2014, the three councils together employed 151.15 FTEs compared to 143.92 employed by the SRS and the councils combined in 2019. There is a significant reduction in the number of management posts, as the number of qualified officers and technicians has increased. This is illustrated in [Exhibit 6](#).
- 22 The percentage decrease in budget savings is comparatively higher than the percentage decrease in staff numbers. Through undertaking a detailed review of proposed staff cuts the SRS has been able to maintain its service provision whilst significantly reducing costs.

Exhibit 6: staff numbers (full time equivalents) employed by the SRS and the three councils combined (Cardiff, Vale of Glamorgan and Bridgend), 2014 compared to 2019



Source: WAO Delivering with Less - Review of Environmental Health Services 2015, Vale of Glamorgan Council and SRS

- 23 We found some evidence of cost benefit impact analysis being undertaken to enable decision-making in relation to these budget reductions. Whilst some consideration was given to the impact of staffing restructuring over the period between 2018-2021, it was also acknowledged amongst officers and members that the real impact of this on services and therefore local residents and businesses will be largely unknown until the £498k savings removed from the budget in 2019-20 begin to impact. Any future service changes should be subject to a transparent and thorough assessment of costs, benefits and impact in order to anticipate and manage the risks arising.
- 24 The Council is able to demonstrate stable performance over time on the majority of its performance indicators, despite the reduction in resources. The SRS reports to the Joint Committee on ten indicators relating specifically to the Council's services, excluding trading standards. In 2018-19, nine indicators achieved their target, with one demonstrating an improvement in performance.

## Whilst the Council and SRS are confident that environmental health obligations are being met, neither have explicitly assessed whether this is the case and would benefit from working together to distinguish between statutory and non-statutory services to help inform decision making around any future budget reductions

- 25 The SRS Joint Working Agreement commits the SRS to providing legally mandated statutory requirements as well as discretionary non-statutory services. The Joint Working Agreement sets out the activities to be undertaken for each service area but does not identify those which are statutory.
- 26 The officers interviewed were generally able to articulate statutory and non-statutory service requirements in relation to their areas of responsibility within environmental health services.
- 27 From its own perspective, the Council has not explicitly assessed whether it or the SRS are meeting their statutory environmental health duties.
- 28 It is acknowledged amongst officers and members interviewed that the Council may not be able to maintain the same range of non-statutory service provision in the future when faced with further financial pressures.
- 29 Neither the SRS nor the Council have assessed whether the Best Practice Standards are being met, although local performance targets have been set.
- 30 The Council adopts an outcomes-based approach to service delivery, and has elected to maintain priority non-statutory services to assist in delivering wider corporate and public health objectives, such as pest control provided by SRS.
- 31 However, we note that the Council has not undertaken a review to assess the extent to which it is meeting statutory environmental health obligations, and SRS performance reports do not distinguish between statutory and discretionary services.
- 32 Clearly defining statutory services, as well as the baseline/upper acceptable standards of performance, would support officers and members in their decision-making around any future changes to services and provide members with additional assurance that the Council is continuing to balance statutory requirements against strategic priorities relating to non-statutory services.

## Governance and performance management frameworks are robust but arrangements for review and challenge of performance information could be formalised

- 33 Overall, there is a robust quarterly performance monitoring and management system in place for the SRS, with scrutiny and challenge provided through the Management Board, the Joint Committee and Cabinet.

- 34 The SRS Business Plan sets out the vision and priorities for the service, how these contribute to the seven well-being goals and each Council's corporate priorities and outcomes.
- 35 SRS Environmental Health objectives are aligned to the Council's overall strategic objectives and officers interviewed could articulate how the environmental health service contributes to achieving these. Officers and members interviewed represented that to date there have been no instances of conflicting interests between the Council and the SRS/ other council members.
- 36 The Joint Committee has delegated authority for decisions relating to the SRS and monitors the performance of the SRS, avoiding duplication whilst enabling political representation and transparency.
- 37 The Management Board and the Joint Committee receive quarterly and annual performance reports, which is a requirement under the Joint Working Agreement. These reports focus on Key Performance Indicators (KPIs), supplemented by qualitative information, such as public complaints or client surveys. The performance reports cover individual Council performance, as well as information for SRS as a whole, and provide trend analysis for up to four preceding years. We consider the reports to be comprehensive and the breadth and coverage of data sufficient to enable informed internal decision-making.
- 38 Management information is used to provide a holistic view of the level and quality of service provision. Where possible, performance against internal targets is also compared against a set of national benchmarks.
- 39 The SRS has been able to maintain or improve performance in the majority of areas. Where performance is shown to have deteriorated, the reasons behind this and corrective action are clearly stated.
- 40 Outside of the quarterly performance review cycle, monthly meetings take place between the Head of SRS, Operational Managers and individual Council officers and members. Particular operational and performance issues are often discussed informally at these meetings.
- 41 The Council also has corporate performance management arrangements, and this includes relevant Public Accountability Metrics. For those services provided by the Council, not the SRS, performance is monitored through the corporate performance system. We did not identify any performance issues during our review.
- 42 Officers and members feel that the arrangements described above are effective. However, we note that current arrangements for review and challenge of performance information are relatively informal and rely on positive working relationships between SRS and Council officers and members. Whilst this approach works well at the moment, there is a risk that it might not be resilient in the event of unforeseen circumstances such as a significant service failure or a change in the key personnel involved.

## There is scope for the Council to improve the level of independent challenge, oversight and member scrutiny it exercises in relation to environmental health services provided by third parties

- 43 Environmental health issues relating to the SRS and directly provided services are scrutinised by the Council's Homes and Safe Communities Scrutiny Committee. The committee meets nine or ten times per year and reviews and publishes their work plan every three months. The committee receives quarterly corporate performance reports, which incorporate the SRS's contribution to the Council's corporate objectives.
- 44 The Homes and Safe Communities Scrutiny Committee do not review the SRS Annual Report or Business Plan and as a result is not able to effectively assess the performance of the SRS in the context of these documents.
- 45 The minutes from each Joint Committee are reported to Cabinet and are presented by the Director of Environment and Housing, providing the opportunity for further review and challenge as required.
- 46 The Head of the SRS has separate monthly meetings with Joint Committee members. Ad-hoc meetings and support are provided when individual members request this. Councillors and members interviewed felt this was a positive, two-way relationship.
- 47 Scrutiny chairs and committee members interviewed feel that the ad hoc support provided by the Head of SRS and Operational Managers to be sufficient to effectively discharge their duties.
- 48 There is currently no structured training programme for members involved in Environmental Health services. There have been some recent changes in committee members following the local elections, potentially increasing the need for training in relevant areas.
- 49 Scrutiny of SRS performance information is currently performed by individuals heavily involved in the service and in preparation of the performance information itself, creating a separation of duty / self-interest risk. It is, therefore, recommended that the Council introduces more independent review and challenge of SRS performance against agreed service standards as should be the case for any third-party provider of services on behalf of the Council.
- 50 The Council should consider introducing more structured and targeted development and training for relevant members, as this may be beneficial to get new members familiar with the service and areas experiencing changes in legislation, e.g. pollution/food safety/infectious diseases.
- 51 Internal audit is a further source of independent assurance to the member councils. A review of the SRS Governance and Financial Controls was undertaken by the Bridgend and Vale of Glamorgan Shared Internal Audit Service in 2019-20, dated June 2019. The review provided a substantial assurance rating.

**The Council has consulted key external stakeholders on significant changes to environmental health services, but should more carefully consider the impact of future changes on residents and businesses and undertake direct consultation where appropriate**

- 52 In our 2014 national report on environmental health services report, we recommended that councils improve engagement with local residents over planned budget cuts and changes in services (see [Appendix 1](#)). In order to make an informed decision, officers and members need to understand the impact of any changes on all stakeholders. For environmental health services a range of stakeholder could be affected, both external, such as businesses, local residents and other agencies and internal, staff and trade unions.
- 53 The Council undertook extensive consultation in 2013-14 prior to the SRS being established. This included staff, trade unions, elected members and other stakeholders such as the Food Standards Agency. An equality impact assessment was also undertaken. Similarly, staff and trades unions were consulted about the staff reductions in the SRS in 2018.
- 54 Given that broadly the same range of services has been provided since 2015, public consultation since the inception of SRS has not been undertaken.
- 55 We acknowledge that the SRS has chosen not to undertake public consultation for administrative changes where frontline delivery of services is not expected to be affected.
- 56 The SRS has established its own brand and website and provides a wide range of information on services. The website enables local residents to access services, report food hygiene issues as well as key documents such as the SRS business plan. However, it does not currently invite comments and feedback from the public or businesses.
- 57 The SRS makes active use of social media to inform a wider range of stakeholders and on a monthly basis reviews any information and feedback received in response through social media channels. This feedback is taken into account in operational management discussions.
- 58 As resources become more constrained the Council may have to make decisions on how services will be delivered which may impact local residents. Local residents should be aware of and consulted on these decisions.

## The Council and the SRS must continue to innovate and transform services in order to help mitigate any future funding reductions

- 59 Due to the initial budget reductions achieved through inception of the SRS, as well as ongoing staffing cuts, the Council is yet to explore further possibilities for commercialisation through environmental health services. For example, other authorities looked to introduce means-based charges for non-statutory services or set up trading companies to make use of council assets and generate revenue. This is something that it may be helpful to consider in the near future, as resources become more stretched.
- 60 The continued need to make savings means that the SRS needs to continue to look for innovative and new ways of providing services and consider the future shape of services.
- 61 Potential areas for future innovation and opportunities to increase income could include:
- a. new commercial and collaborative delivery models for services or for SRS as a whole;
  - b. use of data to predict service need and target responses rather than maintain universal service provision; and
  - c. further strategic support and integration with the Councils' wider service agendas including public health, community safety, health and social care, planning and economic growth.
- 62 The SRS has begun to look at digital initiatives and is trialling a Noise app to report issues. However, this work is at an early stage and is not yet having a material impact on service costs or quality.
- 63 The Council currently holds an outsourced environmental enforcement contract with a third party provider. We understand that the intention is to bring this back in house as this may provide further income generation opportunities.



# Appendix 1

## Auditor General's recommendations – Delivering with less – the impact on environmental health services and citizens, October 2014

As part of his 'delivering with less' series of Local Government Improvement Studies, the Auditor General published his report – Delivering with less – the impact on environmental health services and citizens, in October 2014. The report contained six recommendations that are set out below:

### Exhibit 7: Auditor General's recommendations

Recommendation	Responsible Partners
<p>R1 Revise the best practice standards to:</p> <ul style="list-style-type: none"><li>align the work of environmental health with national strategic priorities;</li><li>identify the wider contribution of environmental health in delivering the strategic priorities of the Welsh Government; and</li><li>identify the benefit and impact of environmental health services on protecting citizens.</li></ul>	Councils, Chartered Institute of Environmental Health Cymru
<p>R2 Provide scrutiny chairs and members with the necessary skills and support to effectively scrutinise and challenge service performance, savings plans and the impact of budget reductions.</p>	Councils, Welsh Local Government Association
<p>R3 Improve engagement with local residents over planned budget cuts and changes in services by:</p> <ul style="list-style-type: none"><li>consulting with residents on planned changes in services;</li><li>using the findings to shape decisions;</li><li>outlining which services are to be cut and how these cuts will impact on residents; and</li><li>setting out plans for increasing charges or changing standards of service.</li></ul>	Councils, Welsh Local Government Association

Recommendation	Responsible Partners
<p>R4 Improve efficiency and value for money by:</p> <ul style="list-style-type: none"> <li>• identifying the statutory and non-statutory duties of council environmental health services;</li> <li>• agreeing environmental health priorities for the future and the role of councils in delivering these;</li> <li>• determining an 'acceptable standard of performance' for environmental health services (upper and lower) and publicise these to citizens;</li> <li>• improving efficiency and maintaining performance to the agreed level through: <ul style="list-style-type: none"> <li>– collaborating and/or integrating with others to reduce cost and/or improve quality;</li> <li>– outsourcing where services can be delivered more cost effectively to agreed standards;</li> <li>– introducing and/or increasing charges and focusing on income-generation activity;</li> <li>– using grants strategically to maximise impact and return; and</li> <li>– reducing activities to focus on core statutory and strategic priorities.</li> </ul> </li> </ul>	<p>Councils, Welsh Local Government Association, Welsh Government</p>

Recommendation	Responsible Partners
<p>R5 Improve strategic planning by:</p> <ul style="list-style-type: none"> <li>• identifying, collecting and analysing financial, performance and demand/need data on environmental health services;</li> <li>• analysing collected data to inform and understand the relationship between 'cost: benefit: impact' and use this intelligence to underpin decisions on the future of council environmental health services; and</li> <li>• agree how digital information can be used to plan and develop environmental health services in the future.</li> </ul>	<p>Councils</p>
<p>R6 Clearly set out the expectations of council environmental health services under new housing and health legislation and agree how these new duties will be delivered.</p>	<p>Welsh Government, Welsh Local Government Association</p>

# Appendix 2

## Council's progress in addressing the Auditor General's recommendations

A summary of the Council's progress in addressing the Auditor General's recommendations 2-5 in, **Delivering with less: The impact on environmental health services and citizens** (October 2014).

### Exhibit 8: Council's progress in addressing the Auditor General's recommendations 2-5

Recommendation	Council's progress in addressing recommendation
R2 Provide scrutiny chairs and members with the necessary skills and support to effectively scrutinise and challenge service performance, savings plans and the impact of budget reductions.	<p>The Council has an induction programme for new members and mandatory training for those members involved in the licensing committee.</p> <p>Other than licensing it does not have a tailored training programme for environmental health. The Head of the SRS has monthly meetings with the Joint Committee members. Ad-hoc meetings and support will be provided should individual members request this.</p> <p>Although no concerns were raised during our meetings, we consider that members would benefit from the introduction of a more structured development/training programme.</p>

Recommendation	Council's progress in addressing recommendation
<p>R3 Improve engagement with local residents over planned budget cuts and changes in services by:</p> <ul style="list-style-type: none"> <li>• consulting with residents on planned changes in services and</li> <li>• using the findings to shape decisions;</li> <li>• outlining which services are to be cut and how these cuts will impact on residents; and</li> <li>• setting out plans for increasing charges or changing standards of service.</li> </ul>	<p>The Council undertook extensive consultation in 2013-14 prior to the SRS being established. This included staff, trade unions, elected members and other stakeholders such as the food agency. An equality impact assessment was also undertaken.</p> <p>Further changes and budget reductions to the SRS have taken place in 2018-19 and 2019-20, which included reduction in staff numbers.</p> <p>Consultation has been undertaken and included staff and the trade unions. However, the consultation processes for both these changes did not include local residents and service users.</p> <p>We acknowledge that the SRS has chosen not to undertake public consultation where frontline delivery of services is not expected to be affected but would recommend that the likely impact on the full range of stakeholders should be considered and documented. We recognise that it may not be appropriate to consult residents and service users for all changes, but that the rationale for this decision should be documented and the likely impact considered.</p>

Recommendation	Council's progress in addressing recommendation
<p>R4 Improve efficiency and value for money by:</p> <ul style="list-style-type: none"> <li>• identifying the statutory and non-statutory duties of council environmental health services.</li> <li>• agreeing environmental health priorities for the future and the role of councils in delivering these.</li> <li>• determining an 'acceptable standard of performance' for environmental health services (upper and lower) and publicise these to citizens.</li> <li>• Improving efficiency and maintaining performance to the agreed level through: <ul style="list-style-type: none"> <li>– collaborating and/or integrating with others to reduce cost and/or improve quality;</li> <li>– outsourcing where services can be delivered more cost effectively to agreed standards;</li> <li>– introducing and/or increasing charges and focusing on income-generation activity;</li> <li>– using grants strategically to maximise impact and return; and</li> <li>– reducing activities to focus on core statutory and strategic priorities.</li> </ul> </li> </ul>	<p>The Council has improved efficiency and maintained performance through collaboration with others and the introduction of the SRS.</p> <p>Through working in partnership with Cardiff and Bridgend Councils it can deliver its services in a more flexible and sustainable way and has not had to restrict its service provision, although it does look to deliver things in new and innovative ways.</p> <p>The SRS provides legally mandated statutory requirements as well as optional non-statutory services. The Joint Working Agreement sets out the functions for each service area and lists the tasks but does not identify those which are statutory.</p> <p>When considering how environmental health services may need to change in the future, the Council should ensure that the distinction between statutory and non-statutory services is clearly documented and understood by decision-makers. This will help to ensure that statutory responsibilities and powers are weighed and prioritised appropriately alongside discretionary services.</p> <p>The Council currently outsource their environmental enforcement service, the Council is considering bringing this outsourced service back inhouse to enable it to benefit from the income that such a move might deliver.</p>

Recommendation	Council's progress in addressing recommendation
<p>R5 Improve strategic planning by:</p> <ul style="list-style-type: none"> <li>• identifying, collecting and analysing financial, performance and demand/need data on environmental health services;</li> <li>• analysing collected data to inform and understand the relationship between 'cost: benefit: impact' and use this intelligence to underpin decisions on the future of council environmental health services; and</li> <li>• agree how digital information can be used to plan and develop environmental health services in the future.</li> </ul>	<p>The SRS Business Plan sets out the vision and priorities for the service, how these contribute to the seven well-being goals and each council's corporate priorities and outcomes. The SRS works collaboratively with the services provided by each individual council outside of the Joint Working Arrangement.</p> <p>Environmental health objectives are aligned to the Council's overall strategic objectives and officers interviewed could articulate how environmental health services contribute to achieving these. Financial and performance data is reviewed on a quarterly basis and we have observed evidence of appropriate scrutiny and challenge by the Management Board and the Joint Committee. Some digital initiatives are being trialled to improve future delivery of services.</p> <p>We found some evidence of cost-benefit-impact analysis being undertaken to enable decision-making in relation to these budget reductions. Whilst some consideration was given to the impact of staffing restructuring over the period between 2018-2021, it was also acknowledged amongst officers and members that the real impact of this on services and therefore local residents and businesses will be largely unknown until the £498k savings removed from the budget in 2019-20 begin to impact. Any future service changes should be subject to a transparent and thorough costs, benefits and impact in order to anticipate and manage the risks arising.</p> <p>The SRS uses social media to engagement with stakeholders, but the use of digital information to plan and develop environmental services in the future is limited.</p>

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## Appendix B: WAO Environmental Health Services – Follow Up Review Action Plan

Ref	Proposals for Improvement	Action/Completion Date
<b>P1</b>	<p>The Council should subject any future changes to environmental health services to a more rigorous analysis of costs, benefits and impacts. We found some evidence of cost/benefit/impact analysis being performed to enable decision-making around savings and changes to services. Whilst some consideration was given to the impact of staffing restructuring over the period between 2018-2021, members and officers acknowledged that the real impact of this will be largely unknown until £498k of savings begin to take effect.</p>	<p>This proposal for improvement comments upon the delivery of SRS savings across the three Councils only and not budget reductions from the other services within the VOG.</p> <p>Future SRS changes/savings will undergo rigorous analysis across the three Councils. That process will begin again in May 2020, as the SRS sets out its next three-year financial programme covering 2021 to 2024. Proposals will be considered by the SRS Management Board, Elected Members, through the review mechanisms at each Council, the Trade Unions and SRS officers.</p> <p>Changes to the other Environmental Health services delivered by the Council will also be assessed through the established Council mechanisms and that process will pay heed to the requirements of this proposal.</p> <p>Both processes will also take into account the recommendation presented in Proposal 8.</p>
<b>P2</b>	<p>The Council should investigate further possibilities for commercialisation and income generation for environmental health services in order to provide additional financial capacity if funding reduces in the future.</p>	<p>The SRS will as part of the budgeting process for 2021/24 undertake a full assessment of existing income streams and determine what additional income might be generated without impacting upon service delivery to local people.</p> <p>Income generation on Environmental Health functions is an important part of the SRS model. SRS has generated new, and increasing, income arising through training and the operation of the Primary Authority scheme. However, Income Generation has limitations, while it will provide some respite if funding for service delivery reduces in the future, it is not a complete panacea for the challenges facing service delivery in the future.</p>
<b>P3</b>	<p>When considering how environmental health services may need to change in the future, the Council should ensure that the distinction between statutory and non-statutory services is clearly documented and understood by decision-makers. This will help to ensure that statutory responsibilities</p>	<p>Understanding the distinction between statutory and non-statutory services will provide elected members with some insight into which service are legally mandated. However, to date, the SRS business plans are geared toward outcomes; achieving those outcomes involves using all the tools available. This includes statutes that bestow powers upon the Council, but not duties. When the Joint Working Arrangement was created, it defined services in terms of ensuring public health, helping customers to</p>

Ref	Proposals for Improvement	Action/Completion Date
	and powers are weighed and prioritised appropriately alongside discretionary services.	<p>access information and knowledge and securing a safe, healthy, fair, environment. From the outset, the Councils agreed that this required the use of both statutory and non-statutory legislation to achieve service and corporate goals.</p> <p>Going forward the SRS will incorporate into the Business Plans an indication of the “status” of the services being delivered and a rationale for the prioritisation of those activities.</p> <p>Additionally, when the actions identified in Proposal 1 above are undertaken, officers will ensure that decision makers are apprised of the nature of the service being delivered.</p>
<b>P4</b>	The Council should introduce greater challenge of the level and quality of environmental health services provided by third parties, including the SRS under the Joint Working Agreement.	Actions identified in improvement proposal P6 below will address this improvement proposal.
<b>P5</b>	The Council should work with SRS to undertake a review of business continuity and succession planning arrangements in relation to the SRS to mitigate the risk of overreliance on key individuals, such as the Head of SRS and operational managers.	In 2020, the SRS will produce a four year review of the service to supplement the Annual reports. That review will examine trends in service delivery and service demand since inception in 2015. It will also look forward to the likely delivery mechanisms for the next three years, in line with the budget proposals. An examination of the robustness of the operating model and succession planning arrangements will form part of that review.
<b>P6</b>	The Council should strengthen accountability and elected member oversight of its environmental health services, for example through more regular scrutiny of services provided by third parties, including the SRS.	<p>We will continue to build on our existing mechanisms to further strengthen scrutiny and accountability of environmental health services and those provided by third parties. We intend to:</p> <ul style="list-style-type: none"> <li>• Explore the option of re-establishing Performance Panels that will enable us to scrutinise performance in greater detail. (This action is linked to the Scrutiny Action Plan already being progressed as part of the WAO: ‘Scrutiny fit for purpose’ review.</li> <li>• Ensure that the Homes and Safe and Healthy Living and Social Care Scrutiny Committees have oversight and input into the SRS Business Plan and Work programme annually.</li> <li>• Establish a mechanism for enabling the Homes and Safe and Healthy Living and Social Care Scrutiny Committees to utilise the SRS Business Plan, and</li> </ul>

Ref	Proposals for Improvement	Action/Completion Date
		<p>performance reporting to identify any key issues/challenges that could be reviewed/scrutinised in greater detail and form part of the scrutiny's work programme for the year.</p> <ul style="list-style-type: none"> <li>• Establish a highlight reporting mechanism whereby the Head of SRS will report via the Homes and Safe and Healthy Living and Social Care Scrutiny Committees (as appropriate) updates on key developments within SRS on a regular basis that will be incorporated into each scrutiny committee's work programme.</li> <li>• Establish a mechanism to refer items from the SRS Joint Committee to any relevant Scrutiny Committee for their consideration, where appropriate.</li> <li>• Initiate discussions with our counterparts in Cardiff and Bridgend to explore the feasibility of establishing a Joint SRS Scrutiny body.</li> </ul>
<b>P7</b>	<p>The Council should consider introducing more structured and targeted development and training opportunities for relevant members, which may be beneficial in the event of changes in personnel and in areas experiencing changes in legislation, e.g. air pollution/food safety/infectious diseases.</p>	<p>The Head of Shared Regulatory Services will work closely with the Head of Democratic Services and the Organisation Development and Training Manager to identify and put in place a programme of briefing sessions/e-learning opportunities that would benefit members in relation up and coming legislative and policy developments. These briefing sessions/workshops will be incorporated as part of the Member Development Programme as and when these requirements are identified.</p>
<b>P8</b>	<p>The Council should more clearly link any future decisions on changes to service levels to an assessment of impact on relevant stakeholders, including service users and residents. Whether consultation is necessary, and the most appropriate means of consulting should be decided on a case-by-case basis. However, where changes are likely to impact service users, businesses and local residents, they should be aware of and consulted on these decisions.</p>	<p>Currently, dialogue with stakeholders is delivered through the annual consultation on the SRS Business Plans where the programme of activities is articulated and developed through that engagement exercise. This process does not currently extend to residents and businesses. It is proposed to extend the customer satisfaction process to include the opportunity to comment upon any proposed changes in service delivery and to engage the corporate consultation mechanisms to collect more information to form part of the decision-making process.</p>
<b>P9</b>	<p>The Council needs to build on initiatives such as the Noise app, to ensure that future funding reductions can be mitigated by innovation and transformation in service delivery and that environmental health services are able to benefit from new technologies.</p>	<p>The SRS is undertaking an ICT review in 2020 that will examine how technology can be deployed further to improve service delivery and where possible make financial savings.</p>