

Evidence Paper to the Public Accounts Committee

Responding Collectively to Public Service Challenges and Opportunities

Introduction

This note sets out the Welsh Government's approach to working with partners to address shared challenges and opportunities for Welsh public services. In outlining the approach, it covers actions related to recommendations in the recent Wales Audit Office report, A Picture of Public Services 2011.

Context

1. The Programme for Government sets out the Welsh Government's commitment to *"establish a new programme of public service reform, working with public service leaders to identify and realise opportunities both nationally and regionally to support the delivery of more efficient and effective services"*. The Programme for Government also sets out the Welsh Government's key aims for improved public service performance, including in the areas of health, education and social services.
2. Working in partnership across the public service in Wales and with social partners enables a collective response to the common challenges and opportunities we face to be developed and delivered. Through this, the Welsh Government seeks to protect and improve the public services that people across Wales rely on, in the context not only of rising demand and expectations for public services but also the global financial situation and the sustained public spending squeeze in the UK.
3. This shared work programme complements and builds coherence across the specific improvements and reforms underway in particular delivery areas such as health, social services, education, and other local government services. It also supports the platform provided by the Draft Budget, which sets out the Welsh Government's continued commitment to supporting frontline services.

Public Service Leadership Group

4. The new programme of public service reform builds on the strong foundations provided by work over the last year on efficiency and innovation, which helped to mobilise public service leaders across Wales

to work collectively on a set of agreed priorities. The Wales Audit Office (WAO) report, *A Picture of Public Services 2011*, recognised that this approach “*had succeeded in bringing together public sector leaders to identify and take ownership of various approaches to cutting costs and improving services.*”

5. At the heart of the new reform programme is the Public Service Leadership Group (PSLG), referred to in the WAO report. The PSLG has been established to provide national leadership for public service reform and collaboration, and to drive the pace of improvement in public services of Wales. Crucially, it integrates more closely key previous work on efficiency and innovation with the substantive programmes of reform underway in specific delivery areas.
6. The establishment of the PSLG is consistent with **recommendation (a)** in the WAO report that in developing the new approach the Welsh Government should “... *ensure that it continues to fully involve all parts of the Welsh public service and key stakeholders*”.
7. The PSLG is chaired by the Minister for Local Government and Communities, as Minister responsible for the coordination of work to improve public services, and comprises public service chief executives and other senior leaders with responsibility for national reforms and regional collaboration, as well as key social partners. Membership of the PSLG, which followed an invitation for expressions of interest from public service leaders in the summer, is set out in the diagram at Annex A.
8. The key responsibilities of the PSLG, which met for the first time on 22 September and again on 21 November, are:
 - i. ensuring coherence in the implementation of overall public service reform agenda in Wales, including oversight of the implementation of the ‘Simpson Compact’ between the Welsh Government and Local Government, and building coherence with the reforms in education, social services, health and other areas;
 - ii. sponsorship and mandating of national action to improve the effectiveness and efficiency of public services; and
 - iii. the development of effective regional leadership for collaboration, building on existing regional leadership structures and the Welsh Government’s public service footprint as a basis for regional collaboration.

National Work Programmes

9. Under the PSLG three national work programmes, each led by a senior public service leader, will help to drive forward this agenda:

- Effective Services for Vulnerable Groups, which builds on the efficiency and innovation “New Models of Service Delivery” work on transforming services;
- Asset Management and Procurement, which builds on earlier work to realise efficiency and effectiveness opportunities from proactive, strategic estate management and to drive savings and wider value from the £4.3 billion spent annually through procurement by public services; and
- Organisational Development and Simpson Implementation, which alongside oversight of the implementation of the Simpson Compact will also support the development of business transformation approaches such as “Lean” as opportunities to improve efficiency and effectiveness (again, building on earlier efficiency and innovation work). This will include, in particular, picking up on the findings of the Lean Enterprise Research Centre review jointly commissioned with the WAO.

Key work areas for the national programmes are set out in Annex B.

10. These work programmes reflect the “*promising strands of work*” referred to in the WAO report and are consistent with its **recommendations (b) and (c)**:
 - (b) *“Transformation is the sustainable response to funding cuts. All public services need to continue to find ways of changing the way services are provided so that they can improve quality and outcomes at lower cost. To this end, public services should look to the work that had been done by the Efficiency and Innovation Programme, particularly work on new service models and business transformation, as a source of practical methods for improving services”.*
 - (c) *“Public services also need to take up opportunities to make transactional savings, particularly through better procurement and better management of land and buildings. All public services in Wales should support and engage with the promising approaches developed through the Efficiency and Innovation Programme, that now fall within the new Public Services Leadership Group.”*

Regional Collaboration

11. These national work programmes are complemented by a focus on establishing strong leadership for collaboration and delivery at a regional level. The basis for this is the Welsh Government’s public service footprint for regional collaboration and coherence, which set out six specific areas: North Wales; Mid & West Wales; Gwent; Cardiff & Vale; Cwm Taf; and Swansea Bay.

Stakeholder Engagement and Sharing Best Practice

12. Key partners in the public service reform agenda – trade unions, the third sector, Wales Audit Office, Welsh Local Government Association, and the Society of Local Authority Chief Executives – contribute through membership the PSLG. A small number of senior Welsh Government officials with a direct interest in areas of the reform agenda also attend.
13. In addition to the PSLG, the Welsh Government is establishing regular dialogue with a wider community of public service leaders to communicate and discuss progress, and address current issues.
14. Through the PSLG and more broadly, the Welsh Government will continue to work with the WAO and other interested parties (for example, inspectorates, improvement agencies, academia and research centres) to support effective ways of identifying and exchanging best practice.

Governance and Wider Links

15. The PSLG approach follows on from that established on efficiency and innovation, namely:
 - supporting reforms in specific delivery areas; and
 - helping to accelerate / increase the impact of cross-cutting reform work by focussing action on agreed priorities.
16. As such, the governance model for the PSLG is an evolution of its forerunner. At a national level, the Minister for Local Government and Communities is responsible for the public service reform agenda, and in the normal way is accountable along with Ministerial colleagues to the National Assembly for Wales. Locally, decision making responsibilities and accountabilities for delivering public services and for participating in the public service reform agenda rest with individual public service organisations, which have established governance arrangements.
17. The PSLG does not change these accountabilities, but does seek to achieve a step change in the pace of reform through harnessing both the collective leadership of members of the Group, and the wider community of public service leaders.
18. The collective political leadership for the reform agenda will be brought together under a reformed Partnership Council for Wales. The Minister for Local Government and Communities will take issues identified by the PSLG to the Partnership Council, or other appropriate fora including the Third Sector Partnership Council and the Chief Information Officer's Council (which provides the strategic governance for ICT development in Wales), for agreement where necessary. The Workforce Partnership Council will take account of the workforce implications of work undertaken within the PSLG. Links will also be made with the work of Public Service Management Wales on building the capacity of managers and leaders across the Welsh public service to improve service delivery.

These links reinforce the focus on programme interdependencies forged under the efficiency and innovation agenda.

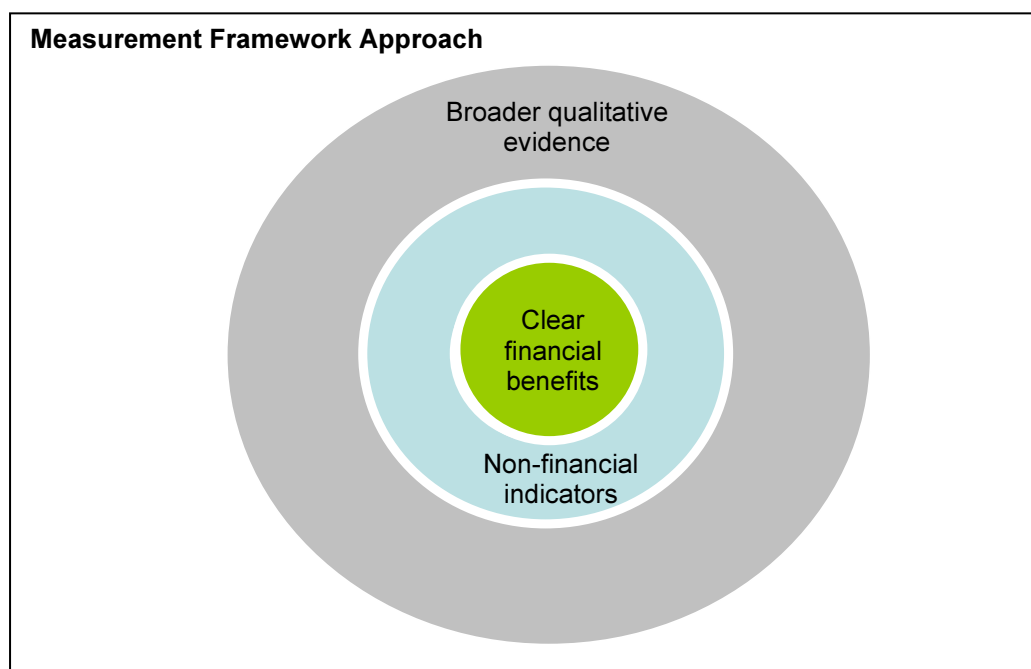
Supporting resources

19. As with the previous work on efficiency and innovation, rather than focusing on direct expenditure from the Welsh Government the approach for supporting the work is based around leveraging in resource from across public service and beyond. The reform agenda is shared, and expertise exists in many organisations; in particular, a number public service bodies with improvement functions are funded by the Welsh Government.
20. Experience has shown that it is crucial not to underestimate or lose sight of what can be achieved, and the resource that can be mobilised, through collective leadership. In addition to individual public service organisations, others that continue to contribute to the shared reform agenda include the WAO, Wales TUC, WLGA and WCVA. External members of the PSLG are not paid for their time nor reimbursed by the Welsh Government for travel and subsistence costs.
21. There is, however, a limited amount of funding (£1.7m p.a.) available to facilitate this work from within the Local Government and Communities Budget (under “Improving Services, Collaboration and Democracy” in future years). This budget is used, for example, to fund secondees to the work programmes; or procure support if it is impossible to find the specialist skills / knowledge within the public sector. Where appropriate, some staff costs are met from departmental running cost budgets.

Demonstrating Progress

22. The Welsh Government is committed to ensuring that progress is both made and demonstrated on the work of the PSLG, building on the progress made over the last year.
23. As outlined in the Draft Budget document, through working with partners over the last year significant achievements and savings have been identified, for example on asset management and procurement:
 - working with the Office of Government Commerce, a bespoke database has been developed to capture public sector property data and assist in better asset management – Electronic Property Information Service lite (ePIMS);
 - ePIMS will continue to enable initiatives such as Carmarthenshire's Asset Review project, which involves public and third sector partners and has identified some £40m of potential surplus assets, plus associated resource savings;
 - on procurement, the Welsh public sector saved £13.5m from the use of all-Wales framework contracts and £12.5m from the adoption of xchangewales e-procurement tools in 2010-11; and

- in addition, local government and the NHS reported additional procurement savings in excess of £11m.
24. To ensure that progress is captured and reported, a priority for future work is the continued development of the measurement framework initiated as part of the efficiency and innovation agenda. This work will be led by a Measurement Group chaired by the Director General for Strategic Planning, Finance and Performance, Michael Hearty. Members will be drawn from across public services including finance practitioners, policy makers and statisticians as well as independent experts from the Wales Audit Office and the Chartered Institute of Public Finance and Accountancy (CIPFA).
 25. As illustrated in the box below, the approach will continue to be based around a balanced measurement framework comprising both financial and non-financial indicators. Moreover, as some efficiencies and improvements are not readily quantifiable, the framework also seeks to capture qualitative examples of progress and achievements that give a richer context to hard-edged measures and shared outcomes. This approach reflects lessons from previous efficiency programmes in Wales and elsewhere, in particular recognising the importance of avoiding the risks of seeking a single measure of efficiency gains that could distract from more important outcomes.



26. Where appropriate, specific up front ambitions and trajectories will be set against which progress can be assessed, although there are cases where tracking progress is more appropriate than setting an explicit benchmark.
27. The balance between financial and non-financial measures will vary according to the nature of the area. Some areas, such as procurement,

tend to lend themselves well to financial measurement, although in all areas there is an increasing focus on identifying and assessing financial benefits as well as service improvements. An example of this is the development of a prototype tool to assess the cost savings that can result from providing more proactive, integrated approaches to supporting vulnerable families.

28. Reflecting lessons learnt from previous efficiency programmes, the measurement framework does not seek to claim that changes in the indicators or savings will arise solely as a result of the PSLG. For example, some key initiatives such as *xchangelwales* have been in development for some time. In these instances the contribution of the PSLG is to engage with and emphasise to senior public service leaders the importance of these initiatives and the opportunities they present, and through this help to speed up their adoption and impact.
29. The measurement framework therefore comprises a balance of activity to influence and contribute to improvements in the efficiency and effectiveness of public services, as well as broader intermediate and outcome measures. Improvements may not be attributed directly to the PSLG but they can be important indicators of better services and outcomes. The activities to influence will be different for each work programme, but could include action on communicating the case for change, identifying and sharing good practice, supporting expert communities of practice, and direct engagement with public service leaders, the workforce and social partners.
30. The framework will be developed to focus on the new national work programmes following agreement to their detailed work plans by the PSLG. In doing so the framework will build on content already developed for these areas and used to help demonstrate and progress. An example of the existing measurement framework for procurement is set out at Annex C, which is used by the procurement programme board to report and provide assurance on progress and achievements.
31. The refresh of the measurement framework will be completed over the next few months, and will then continue to evolve over time as further information and evidence becomes available.

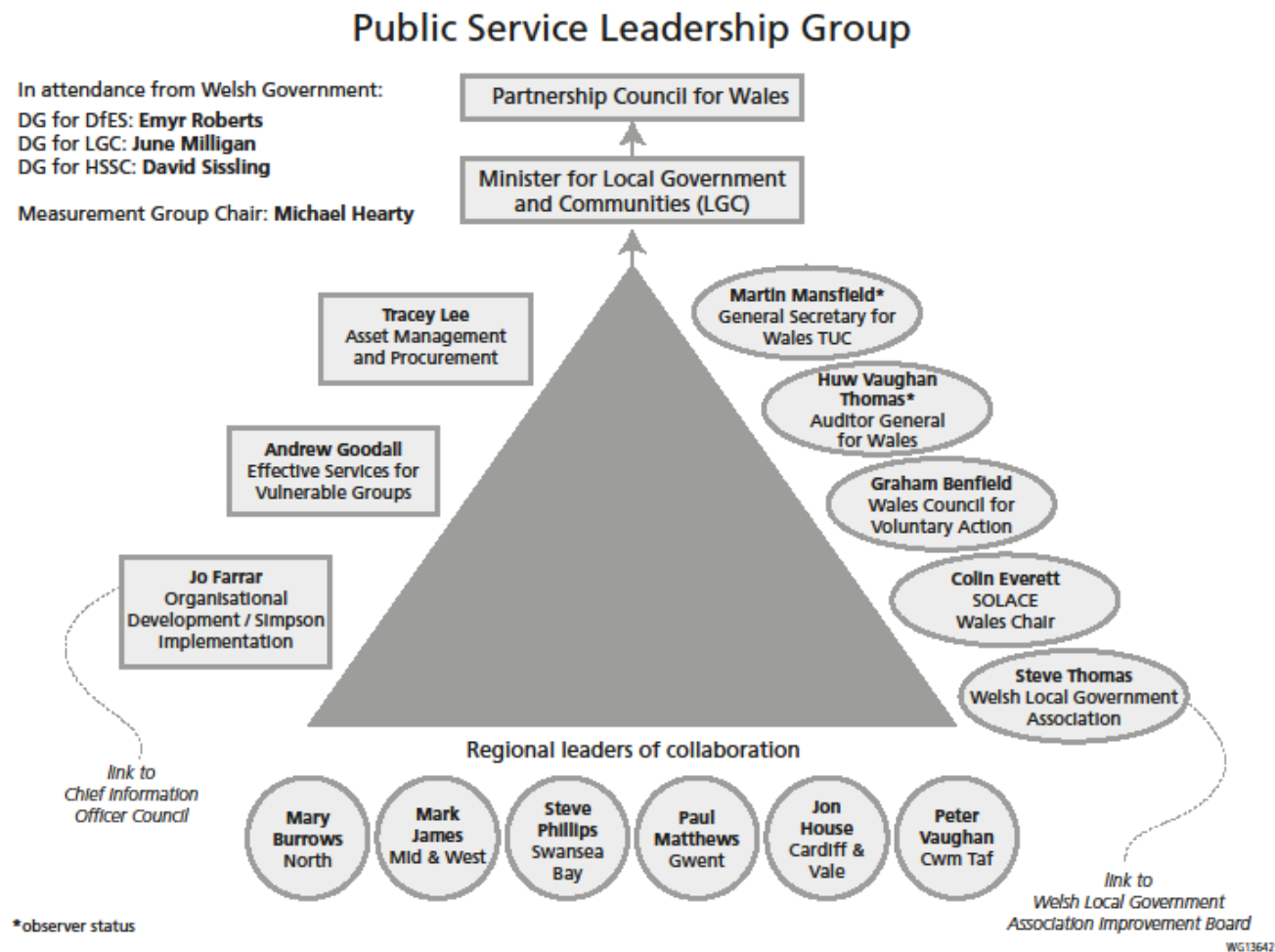
Working Together to Protect and Improve Services

32. The benefits of the reform programme started under the efficiency and innovation agenda, and refreshed and accelerated under the PSLG, will grow over time. Alongside working together on this programme of reform it is, as the WAO report recommends, important for public services to work together in addressing short-term financial challenges:
 - *Recommendation (d): The short-term financial challenges are such that some public services may need to consider reducing the level or quality of some services. Public services across Wales should work together in planning cuts, and in monitoring*

and mitigating the impacts on service users, wider outcomes and other public services.

33. The reality of the cuts imposed on the Welsh budget by the UK Government is that no area of public services can be unaffected. The Welsh Government has been clear about the priorities placed on frontline services, including, but not exclusively, schools and health, and has protected these budgets as far as possible.
34. Notwithstanding this, the onus is on all public services to work together to deliver more effectively and efficiently. At the national level, the foundations for close working are the clear strategic direction and focus on outcomes flowing from the Programme for Government, together with the prioritisation of funding for frontline services. This is complemented by strong collective leadership and an ethos of collaboration and cooperation for public services, rather than divisive competition.
35. It is also true at the local and regional level, where collective leadership established through Local Service Boards and regional partnerships can have a powerful impact in innovating and joining up on service delivery – focusing on people and outcomes, not on organisations and processes.
36. The Welsh Government is therefore committed to continue to work with public service and social partners to seize opportunities for business and service transformation at a national, regional and local level, and as far as possible to mitigate the impact of the financial challenges until the full benefits of these transformations are felt. This reflects a determination to protect and improve the public services valued by people across Wales.

Annex A Membership of the Public Service Leadership Group



Annex B Key areas of work for the national work programmes

Effective Services for Vulnerable Groups

This work programme will identify, promote and support the development of collaborative approaches to delivery to provide more effective and efficient services that can improve the life chances of vulnerable people and groups. It will:

- focus on deep rooted delivery challenges that have a high cost in both human and financial terms;
- identify innovative solutions and best practices where there is a proven positive impact on outcomes and budgets;
- direct and support the implementation of new and proven approaches where appropriate;
- engage with public service partners to disseminate these best practices and encourage their adoption across Wales; and
- constructively challenge slow or weak adoption where necessary to achieve high and fast impact.

Asset Management and Procurement

This work programme brings together, builds on, and utilises earlier work to realise efficiency and effectiveness opportunities from proactive, strategic estate management and to drive savings and wider value from the £4.3 billion spent annually through procurement by public services. Areas of focus will include:

- promote and develop projects to make effective use of enabling tools such as the property database (ePIMS) and other systems;
- support estates pilot projects aimed at accelerating activities at three levels: corporate asset rationalisation; local area collaboration; and opportunities from the use of surplus assets;
- encourage greater use of collaborative procurement agreements;
- increase adoption of xchangewales e-procurement tools, and develop projects to help ensure xchangewales is used to its full capacity;
- simplify and standardise procurement practice; and
- develop proposals for a National Procurement Service for common and repetitive spend.

Organisational Development and Simpson Implementation (ODSI)

This group will act as the programme board to take forward Simpson Review and develop approaches to support change and broader organisational development across the Welsh public service.

In the Simpson context it will:

- provide strategic oversight of the implementation of the full Simpson agenda, and drive forward an agreed set of priority actions to demonstrate tangible progress in key areas;
- ensure coherence to broad local government reform agenda arising from the Simpson Report and the specific reforms in education and social services;
- develop a clear model to reflect the consequences of the individual service delivery reforms on the roles of local authorities, their corporate functions and ways of working; and
- build coherence and identify opportunities for shared corporate functions across local government and the wider public service.

On the broader public service reform agenda it will commission task and finish groups to:

- support the development of Lean and systems thinking as opportunities to improve efficiency and effectiveness; and
- develop opportunities for new ways of working and identify any potential technological, asset and human resource implications.

Annex C

Procurement National Work Programme: Measurement Framework

	Detail	Latest position - 1 st Qtr FY 11/ 12	Ambition	Commentary
Collaborative Procurement and Commissioning Chair: TBC Lead: Alison Standfast	The Baseline year is 2010/11. Detail here describes the methodology, scope and frequency for reporting against the indicator.	This will describe the latest position against the starting point.	This will be the trajectory the project is aiming for. Some indicators will have a clear ambition, perhaps to achieve a certain number or £, etc. In some cases it will be inappropriate to have a goal; it would be useful to state the reasons why here.	This column can be used for exception reporting, either for those indicators which are not yet live, where the data is telling an unexpected story or where there are no relevant indicators.
This workstream seeks to secure greater value from the £4.3bn public sector procurement across Wales. There are opportunities to deliver cash releasing savings through smarter procurement and more intelligent commissioning. This is supported by use of technology through xchangewales which not only delivers process time savings but also the management information needed to organise our spend. It is equally important that public procurement fosters strong Welsh supply chains and delivers economic and social benefits. This is supported by the adoption of approaches and tools that simplify public procurement and make it more accessible. The indicators are therefore a combination of cash-releasing and time saving measures, backed up by adoption rates.				
A. Financial Indicators				
A1. Savings identified from adoption of xchangewales tools.	Savings will be reported on a quarterly basis against a standard saving calculation for use of e-trading hub (e-invoicing and e-ordering); e-tendering and purchase cards. <i>(E-auctions are reported under A2).</i>	For the period of April – June '11 (FY 11/12) process savings were: eTrading - £0.17m eSourcing - £0.31m Welsh Purchasing Card - £0.71m <i>(data up to and including May '11 - WPC data unavailable in May '11).</i>	e-trading – For all LHBs and 75% LAs to be live by 2013 – delivering critical mass and achieving estimated process savings of £50m	At June 2011, 10 LHBs were live including Public Health Wales. 8 LA's live with over 200 schools trading. WAG – live
A2. Savings identified from 'leveraging our spend' strategy.	Savings will be reported quarterly against the %change in price as a result of activity (multiplied by estimated spend) for the agreed period. The work of Value Wales, Procurement Services (Health), WPC, NWPP, and others will be in scope. Decision Required: Need to confirm who will be responsible for collating and forwarding information for each area to be recorded centrally.	VW: cashable savings 2010/11 - £13.5m, baselined to zero from April - 1st quarter results available July. NWPP: cashable savings 2010/2011: £1.58 million WPC: cashable savings 2010/2011: £3.2m. Procurement Services (Health): cashable savings April/ May 11: £5.96 million HE: reports not ready to be	The project will collate savings across Wales against the overall ambition of £200m. Over 5 years specific areas include identifying and realising : - £50m from Value Wales led projects; - £23.8m from NHS plan - £17m from WPC and NWPP	A new savings methodology for savings from Value Wales frameworks has been introduced.

	Detail	Latest position - 1 st Qtr FY 11/ 12	Ambition	Commentary
		circulated at this time MAWW: reports not ready to be circulated at this time FE: reports not ready to be circulated at this time. Police: reports not ready to be circulated at this time.		
A3. Savings identified from 6 priority projects (a subset of A2)	Savings from the 6 work stream priority projects will be broken out to give greater visibility (quarterly). 1. National Procurement Service Project 2. Good Procurement Practice Project 3. Top 50 Suppliers Project 4. Consultancy Advice Centre Project 5. Procurement Indicators Project 6. Terms and Conditions Project	Projects in initiation stage and in process of identifying benefits at business case stage	To be confirmed – at business case stage	
A4. Savings identified from the ESF Homegrown Talent Project (a subset of A2)	Savings identified as a result of the Homegrown Talent placements will be broken out to give greater visibility (quarterly)			1 st placements will be completed end of January 2012. Outcomes to be reviewed following completion.
B. Non Financial Indicators				
B1. Volume of electronic transactions	This supports delivery of A1 and will demonstrate depth of adoption and will cover e-orders and e-invoices and use of purchase card.	For the period of April – June '11 (FY 11/12) volumes were: ePurchase Orders/eInvoices: 26,892 (PO's = 17,108, eInvoices = 9,784) Welsh Purchasing card transactions: 24,337 (data up to and including May '11 - WPC data unavailable in May '11).	The ambition in 5 years is for 100% of tenders and 70% of invoices to be electronic.	
B2. Average % of organisations using identified collaborative contracts	Initially this will cover adoption rates of Value Wales agreements but can be extended. It supports delivery of A2.	Engagement with VW frameworks currently 85-90%.	The ambition is for 100% either adopted or justified.	
B3. Number and percentage of organisations adopting SQuID approach (and e-tool when live)	Adoption of this will benefit Welsh SMEs and take cost out of tender process for suppliers	To date, 26 organisations have committed to using SQuID.		

	Detail	Latest position - 1 st Qtr FY 11/ 12	Ambition	Commentary
B4. Value of projects adopting Community Benefits approach and number of resulting jobs	Community Benefits covers a range of wider benefits including local supply chains, opportunities for unemployed, supported businesses etc.	Community benefits have been applied to range of current procurements covering almost 2bn of construction projects.		
C. Qualitative information				
Qualitative information, by its nature, will not necessarily fall into the headings above. Hence this should be free text, but ideally it should still cover success factors, time periods, coverage, etc.				
C1. This will provide case study examples of smarter procurement delivered by individual organisations in line with central guidance and best practice.				