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Mr Darren Millar AM  
Chair of the Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
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Dear Darren

## A PICTURE OF PUBLIC SERVICES 2012

The clerk's letter of 27 June 2012 requested my advice on the response by the Welsh Government to the Committee's report on *A Picture of Public Services 2012*. Overall, the response is positive. The Welsh Government has accepted each of the Committee's recommendations. In some cases the Welsh Government has indicated a timescale for action, which will help the Committee in monitoring whether progress is on track.

In general, the response by the Welsh Government reflects the high level nature of some of the recommendations as well as the fact that in the case of some recommendations, the Welsh Government is already engaged in relevant activity, as evidenced during the Committee's inquiry. In formulating my advice I have therefore taken account of the evidence previously submitted, alongside the response to the Committee's report. There are some areas which would benefit from clarification or further information in order that the Committee can more fully understand what the Welsh Government intends to do in response to the recommendations.

**Recommendations 3, 4 and 5** relate to the challenges facing the NHS. The Welsh Government's response appears reasonable and reports a timetable for action to strengthen accountability and the financial regime. In relation to **Recommendation 5**, the Committee may want to clarify exactly what level of analysis the Welsh Government expects Health Boards to publish alongside plans for transforming services. I suggest that the Committee considers this issue as part of its inquiries on my recent report on Health Finances.

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In terms of the remaining recommendations, I would offer the comments below.

- The Welsh Government's response to **Recommendation 1** explains the work underway to improve financial management, with a particular focus on the Financial Leadership Division's work and the Finance Leadership programme. There are areas where the response could more clearly address the recommendation. First, the response refers to monitoring information being available to Finance Leadership Network members; this does not seem to fully address the recommendation that progress be made publicly available. Secondly, the detail in the response appears to be unduly limited to developments within the finance community. The Committee may wish to explore further what the Welsh Government is doing to help build the financial skills and capacity of a wider range of managers and public sector employees.
- The Welsh Government states that it accepts the Committee's **Recommendation 2**, but the detail of its response does not fully reflect that position. The Committee's recommendation calls on the Welsh Government to take 'further' action to encourage local authorities to use their reserves to invest in transformation. The Welsh Government reports that it encourages and supports local authorities to invest in transformation but does not make clear what additional action, if any, it intends to undertake in response to the Committee's recommendation. The Committee may want clarification as to whether the Welsh Government does indeed intend to take further action and what form that action will take.
- The Welsh Government's response to **Recommendation 6** helpfully draws attention to its support for existing methods of identifying and sharing good practice, including our own Good Practice Exchange. It is however less clear on implementation of good practice at a local level. As I point out in my report *A Picture of Public Services 2011*, actually implementing the learning from sharing good practice is probably the greatest challenge. The Welsh Government's oral evidence referred to work being done through the Effective Services for Vulnerable People work-stream of the Public Services Leadership Group to encourage local action. The Committee may wish to find out from the Welsh Government what other activities it is undertaking or supporting to help ensure that good practice is actually adopted and adapted locally.

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- The response to **Recommendations 7 and 8** involves promoting good practice by the Police and Fire and Rescue Authorities, and the Wales Audit Office Guide to Cost Reduction. On **Recommendation 7**, the response includes examples from the Police but none from the Fire and Rescue Authorities. The Committee may want a future update to include examples of how the PSLG is drawing on the experiences of the Fire and Rescue Authorities. In terms of our own Guide to Cost Reduction, we welcome the inclusion of a link on the Finance Leadership Network's website. However, we would emphasise that the Guide is aimed at a broader audience of managers and non executives charged with making and overseeing savings.
- **Recommendation 9** concerns the promotion of methods to understand and re-shape public services from the users' perspective. In terms of the Kafka Brigade method, the detailed response, like the Welsh Government's oral evidence, refers to sharing of good practice in helping victims of domestic abuse which was identified using the Kafka Brigade method. The Committee may want to find out more about how the Welsh Government is promoting the use of this type of method to diagnose and re-design services. In terms of Lean/ Systems Thinking, when the previous Public Accounts Committee considered the first Picture of Public Services report, the Welsh Government submitted evidence in November 2010, referring to the "establishment" of a LEAN community of practice. The current response, some twenty months later, refers to the "development" of a network. The Committee may wish to find out more about what progress has been made and whether the Welsh Government or Public Service Leadership Group has gone beyond establishing and developing the network and supported it in delivering tangible impacts.
- The Welsh Government's response to **Recommendation 10** is clear in terms of the commitment to involving councillors and developing guidance on governance, but less clear in terms of monitoring. The Welsh Government's response refers to the benefits of collaboration being included in the Measurement Framework developed as part of the Public Services Leadership Group. The Welsh Government has provided an overview of the Measurement Framework in previous written and oral evidence. Nonetheless, the Committee may want further detail as to the status of the Measurement Framework specifically in relation to collaboration: how it will be used by the Welsh Government to monitor progress; and how the information will be used to help manage the roll-out of collaboration as the data emerges showing what works and what does not.
- The Welsh Government has accepted **Recommendation 11** and agreed to provide an update. However, it does not intend to provide the update until June 2013. Waiting until June may impact on the Committee's ability to consider the update ahead of the 2013 summer recess. The Committee's request in April 2012 was for an update "within 12 months". The Committee may therefore wish to request that the Welsh Government provide its update earlier than June.

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I suggest that the Committee considers whether to request further evidence from the Welsh Government in light of my comments at the same time as considering the Welsh Government's update in spring 2013. In the meantime, many of these issues of public service reform are being taken forwards by the Public Services Leadership Group. The Committee may be aware that I sit as an Observer on the overall Group and there is a member of WAO staff as Observer on each of the work-streams. I will bring any significant issues to the Committee's attention, should that be warranted.

Yours sincerely



**HUW VAUGHAN THOMAS**  
**AUDITOR GENERAL FOR WALES**