

SPEAKING NOTE: SCRUTINY IN THE SPOTLIGHT

28 NOVEMBER 2013

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Good morning. The Minister has set out an interesting context for the discussions we will be having today. No-one should be in any doubt of the important she and I place on effective public service scrutiny in Wales. As is reflected in the numbers here today.

However, I would challenge the sometimes overly narrow view of scrutiny. The term is often used, within local government, as shorthand - sometimes, for the role of one or more scrutiny committees, sometimes for the system of member scrutiny within an authority. It is right and proper that policy and high-level decision making is rigorously scrutinised through these means. But, scrutiny covers far more than the formal democratic processes, and it is the broader role of scrutiny I wish to cover this morning.

The role of independent review and the function of the National Assembly for Wales and its public accounts committee should not be under-estimated in this broader system. Nor should the function of audit committees and scrutiny committees across Wales' public bodies, be overlooked, nor the work of audit, inspection and regulatory bodies. But, proper monitoring of resources, outcomes and value for money; professional scepticism and the reviews of standards in public life is everyone's business.

I would argue that everyone involved in the planning and delivering of public services holds some responsibility for scrutiny. This is the broad definition, that I am using in talking with you today.

I wonder if anyone can remember this quote from September last year: *"It's an absolute disgrace that they even thought of it let alone spent public money when everyone else is having to cut back due to the cold wind of recession."*?

No – it wasn't the trip taken by members of a local drainage board and their friends and relatives to study canals in Venice. This was from, a former Assembly Member, commenting on the cost of training members in the skills of effective questioning. While we have conducted no detailed study on the value for money derived from that specific training, these skills are of a high order and hugely important. They do not just develop themselves. I am struck by the assumption that questioning skills are a luxury. I would argue, that in the *"cold winds of recession"*, it is a false economy to disinvest in this vital function. Indeed as the title of our conference today suggests we need to **investing in Scrutiny to maximise its impact**'. Minimising the unwise, unsanctioned or even unlawful use of public funding has got to be a priority in time of austerity. Effective scrutiny plays an important part in preserving scarce resources and delivering crucial services.

There are those who would argue that asking and answering the difficult questions can safely be left to officials. I commend the professionalism of our public servants in Wales, but, I would warn, "Beware the summary produced by your own staff".

I want to stress that scrutiny must not be undertaken through a tick-box approach. Strict adherence merely to the letter of the standing order is not the objective, nor will citizens accept mere compliance as an excuse for profligate behaviours. Who would have thought that cleaning out the moat or repairing a duck house would, in the 21st Century, be linked with such an intense period of scrutiny of members of the UK Parliament and their very individual expenses claims? Clearly, some Members of Parliament had assumed that their position was safe - because some official, at some point had deemed them to be within the rules. They were wrong. The rules themselves had not been scrutinised in the light of changing public expectations and MPs learned to their cost that where Parliament had failed to apply appropriate scrutiny to itself, the media searchlight would probe the dark corners of Westminster.

We are at a watershed moment for Welsh public services with the imminent publication of the report of the Commission on Public Service Delivery and Governance. It is already clear public services will no longer be able to rely on historic service delivery models, and there will be some difficult decisions to be taken which will have significant implications for how the people of Wales receive their services.

Another review is also taking place and the Minister has already referred to it. I have said that scrutiny operates at many levels and that the work of external review bodies should complement your own internal scrutiny mechanisms. I appreciate that the different responsibilities of audit, inspection and regulatory bodies can sometimes complicate this relationship. I hope that the review will lead to greater clarity on roles and on how scrutiny committees, audit committees and internal audit functions can work with audit and inspection more effectively in an overall

accountability framework. However I also feel that the policy processes within the Welsh Government itself may need revisiting, including the Local Government Measure if the system is to be made more coherent.

As well as promoting efficient use of public money, scrutiny at all levels plays a vital role in effecting transformative change. When citizens have confidence in the transparency and rigour of decision-making; when they believe that evidence is openly challenged; when they understand the reasoning of policy makers and feel part of the scrutiny process, they will accept changes that otherwise they might strongly resist. This scrutiny cannot simply be a series of set-piece appearances at a certain committee or an occasional public meeting.

Scrutiny in its broadest sense has to be alive to ever changing public expectations and standards, as with MP expenses. It also needs to keep pace with those areas where the public interest is most strongly focused. My own role, in providing assurance that public money in Wales is well-spent, requires me to be alive to public concerns and respond accordingly, even where sums of money may be relatively small. My recent reports on community councils and chief officer pay awards illustrate the point. Concerns regarding the quality of care vulnerable, older people receive have been heightened since the Mid Staffs issues emerged and there is a corresponding spotlight on inspection in this regard. Public trust is quickly lost and won back very slowly. There is an environment of scrutiny in Wales that we need to protect and enhance for future generations.

Very shortly, I will be publishing my study of scrutiny in local government and much of the material for today's event is drawn from that work.

My conviction that scrutiny is a shared responsibility has been reflected in the methods we have applied to this study. We have assisted councils across Wales to review and self-assess their own scrutiny mechanisms and to evaluate their effectiveness. Based on this very collaborative audit work, which drew heavily on peer review expertise, my overall conclusion is that scrutiny is still broadly improving in local government in Wales.

Some of the issues that I am seeing are around consistency – from council to council and even within councils from service area to service area. There is undoubtedly more to do to ensure scrutiny is consistently rigorous. Despite the formal separation of executive and scrutiny functions dating back to the Local Government Act of 2000, roles and responsibilities can still be unclear. External review bodies can help here. But, I have found that local government scrutiny functions are too often isolated from the wider context and sources of support. Scrutiny needs to align itself clearly with external review and the council's own improvement processes if it is to add real value.

The importance of the role of the Chair and of appropriate officer support to scrutiny programmes is not always recognised. Inadequate support sometimes leads to scrutiny programmes which are piecemeal and disjointed. Many Chairs would also benefit from better training in their unique role and should not be discouraged from seeking that development by misguided criticism of appropriate costs.

The key to explaining investment in scrutiny –as with all other areas of investment is to measure and evaluate its impact.

This leads me to another thought. Effective scrutiny committees frequently call for stronger evidence of impact from the services they challenge. This is quite right and an essential part of their role as of mine. However, committees often fail entirely to measure and demonstrate their own impact. All councils in Wales make a significant investment of time and resources in scrutiny processes. Difficult as it is to quantify the impact of scrutiny, influence and challenge, it must be attempted and I will be working with councils to support them in this over the coming year.

I have found that the range and quality of information presented to scrutiny committees is sometimes inadequate to support rigorous investigation. Many of my criticisms in this regard are reflected in my annual improvement reports. I have also highlighted lack of appropriate comparisons, as a key concern in my recent report on improvement planning and reporting. Without a range of data and helpful benchmarks, scrutiny committees and indeed executive committees will struggle to make sense of information and may miss key risks and opportunities. This is not an issue confined to local government. I recently reported on the Welsh Government's Higher Education Funding decisions and the information that supported them. Fuller and more open examination of the range of data and policy options might have better informed a public political debate over affordability.

There is another issue: which will increase in profile as local government services are delivered more collaboratively. Scrutiny methods, including public audit, have been designed to operate in relation to the legally accountable public service delivery bodies.

These methods come under strain when a council is a commissioner of services from a third party or a collaborator in a joint venture. Questions which assume a particularly sharp focus when services are outsourced to the private sector. A recent NAO report about the way public service markets operate raises important issues about scrutiny of private sector suppliers which we will need to look at in the Welsh context. Given that the future delivery of services is likely to involve a more varied range of providers; how does a council maintain its scrutiny of services? How does information flow between parties without contravening legal restrictions on data? What are the most efficient and effective mechanisms for assuring public money is properly spent under such circumstances?

Wales is grappling with these challenges, but I am clear that working in partnership demands that accountability and scrutiny arrangements are addressed as part of the design and not as an afterthought to be sacrificed under the argument that speed is of the essence. Going down that road is the recipe for creating future problems. I know that one of the workshops is expressly considering collaboration and would urge you, in your discussions, to consider these matters as a context to all the topics.

Public Engagement has long been a buzz-word in public services. I suggest that we need to start interpreting that term with a much harder edge. If we cannot find our way to more effective engagement with the public and partners, then scrutiny in this era will undoubtedly fail to fulfil its role. The consequent lack of accountability in public services would be exposed by the media, if by no one else. The net result of failing to engage in effective, shared scrutiny at every level would be a disastrous loss of public confidence.

I said at the beginning of my remarks that I place huge importance on the role of public service scrutiny as part of a whole system that includes the Wales Audit Office, external review bodies the National Assembly and Parliament.

Your role as members and officers is to ask questions and to keep on asking those questions until you are clear on the answers. Your role is to inform your examinations with the strongest and most relevant evidence base available and to position your inquiries where the greatest benefits to citizens can be secured. No small challenge. I hope that today's event and our continued support will help you to tackle it.

But to anchor my remarks in the day to day reality of scrutiny in practice, there is nothing better than first-hand experience. The video clips you will see now illustrate from across Wales, the value of sharing learning about what makes for effective scrutiny. I hope and trust you will find them helpful, and that the day as a whole will enable you to learn and share from each other's experience.

ENDS – 28th November 2013