

Executive Response to the Committee's Grants Allocation Report.

Reason for this Report

1. To advise Members of the Executive response to the Committee's research heavy task & finish Inquiry into the Council's grant allocation system.

Background

2. As part of its work programme for 2010/11 the Policy Review and Performance Scrutiny Committee agreed to undertake a review of the Council's grant allocation system.
3. The terms of reference for the inquiry were:
To assess the effectiveness of Cardiff Council's grants allocation system's strategic coordination of funding across the council.

In order to establish this, the research focused on the effectiveness and equity of the assessment criteria, including: The link to the corporate priorities (Corporate Plan); Eligibility criteria; Needs testing; and Review criteria. In addition it focused on the role of commissioning services alongside grant funding.

4. Members of the task & finish group were:

Councillor Fenella Bowden¹ (Chair)

Councillor Paul Chaundy

Councillor Brian Jones

Members will note that the inquiry was chaired by Councillor Fenella Bowden who left the Committee in May 2011, but who agreed to continue leading the inquiry to ensure its completion.

5. This inquiry marked the trial of a new approach to a Scrutiny task & finish inquiry and was conducted as a 'research heavy' inquiry. This type of inquiry has a heavier emphasis on research than a standard Scrutiny inquiry, but still involves one or more meetings at which stakeholder and expert witnesses are heard, with the aim of placing a lighter workload on Members in recognition of the restriction on their time.

Issues

6. The task and finish group reported back to the Committee in November 2011 on strategic approach, grant application and allocation monitoring, renewal of grant aid, duplication & overlap, grants versus procured services delivering 11 recommendations.

7. The final report was considered by the Executive in January 2012 and the response attached at **Appendix A** was considered by the Executive at its March meeting.

8. Attached at **Appendix B** is a recommendation tracker to facilitate easy reference and future monitoring of actions taken. The Executive have accepted all 11 recommendations.

¹ Councillor Fenella Bowden was a member of the Policy Review and Performance Committee from May 2008 until May 2011.

9. A full copy of the report was circulated with papers for the November 2011 meeting, or can alternatively be found on the Council website at www.cardiff.gov.uk/scrutiny, from the left hand menu click on the Committees link , reports online, Grants Allocation.

Legal Implications

10. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to the Executive/Council will set out any legal implications arising from those recommendations. All decision taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirements imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be taken having regard to the Council's fiduciary duty to its taxpayers; and (he) be reasonable and proper in all the circumstances.

Financial Implications

11. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Executive/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to note the Executive response and consider whether it wishes to recommend further consideration of this matter on next years work programme.

MIKE DAVIES

Head of Scrutiny, Performance & Improvement.

5th March 2012

s c r u t i n y



**Policy Review and Performance
Scrutiny Committee**

Annual Report 2011–2012

March 2012



County Council of The City and County of Cardiff

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POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE



Councillor [Dianne Rees](#)
(Chairperson)



Councillor Roger Burley



Councillor [Joseph Carter](#)



Councillor [Paul Chaundy](#)



Councillor Russell Goodway



Councillor [Keith Hyde](#)



Councillor [Brian Jones](#)



Councillor [Francesca Montemaggi](#)



Councillor [David Walker](#)

CHAIR'S FOREWORD

Dianne Rees

Chair, Policy Review & Performance Scrutiny Committee

INTRODUCTION

In February 2012 Full Council debated the Corporate Plan 2012-14. During the debate many elected representatives paid tribute to the value of scrutiny; recognising that it is the mechanism that allows many non-Executive Councillors to enrich the decision making of the Executive. For many years the Council has had a well developed scrutiny culture and function. This year the Policy Review & Performance Scrutiny Committee called-in a decision of the Executive, an example of the mature internal checks and balances the Council has in place. The comments at Full Council are testament to the high regard in which Members hold the opportunity to make a contribution as a Member of a Scrutiny Committee.

This Annual Report covers the work of the Committee between June 2011 and March 2012. The work programme has been varied and responsive to the organisation's priorities throughout the year. All matters considered by the Committee are listed in the 'Programme Overview' below, whilst those areas of greatest impact are reported in 'Highlights of 2011/12' from page 10 onwards.

This year the Committee identified some core areas of development on which to focus their efforts, namely *transformation* (efficiency), *improvement*, *managing attendance* and *job evaluation*. Whilst it is not possible to reflect all of the Committees work, the items highlighted are where the Committee has actively performed its role as a critical friend to the Executive and as the 'citizen within' that aims to improve the foundation upon which services for the citizen of Cardiff are delivered.

Programme Review

The Committee's terms of reference¹ determine that its responsibilities fall within two strands of the new organisational structure implemented on 1st April 2011, the 'Corporate' and 'Shared' service areas.

- **Corporate**

Finance; Estates & Land Strategy; Legal & Democratic Services; Scrutiny, Performance & Improvement; Commissioning & Procurement.

- **Shared**

HR People Services; Internal Services; Customer Services; Central Transport Services and Communications.

During the municipal year June 2011 – March 2012 the Policy Review and Performance Scrutiny Committee held 10 meetings, 8 standard Committees, one formal work programming committee and one Call-in committee. This culminated in 17 letters to the Executive and the Senior Management Team sharing their comments, concerns and recommendations following the scrutiny of items.

In addition to the monthly meetings of the Policy Review and Performance Scrutiny Committee, Members have supported and published the findings of two task and finish inquiries, *Managing Attendance* and *Grant Allocation*; attended a joint working group along with colleagues from the other four scrutiny committees preparing for scrutiny of the proposed budget 2011/12; and attended a briefing on the work of the Cardiff Integrated Partnership Board.

This overview would not be complete without mentioning the Committee's involvement as key contributors to discussions around the role and value of

¹ Terms of Reference for this Committee can be found on page 32.

Scrutiny in March 2012 as the service launches its 'Listening Exercise' to look at perceptions of the service. The feedback will be used to identify, if any, areas which need to be adapted to make sure the service is meeting the needs of all areas of the organisation and continues to support Members in their work.

In reviewing the year the extent of the Committee's work is outlined below. Once again there has been considerable focus on the growing implementation of the *Transformation* programme. It has been heavily publicised in the media that the outlook for public service funding over the next eight years is bleak. The Chief Executive has made clear that the Council is already doing a lot of work to maximise the budgets it has, the transformational programmes are making good progress and that the innovative and creative ways of how the Council operates, and the impact this can have on services, will continue. Whilst this explains the Committee's *Transformation* heavy focus, it has also scrutinised a wide variety of topics, which included:

Call-In – Where a Non-Executive Member invokes the Call-in procedure under the Council's constitution, to review an Executive decision prior to implementation. In 2011/12 there was one Call-in for consideration by the Committee:

- Single Status Pay, Grading and Terms & Conditions Proposals (*October*).

Inquiries – Where the Committee has undertaken an examination of a topic over a period of time, resulting in a formal report to the Executive. In 2011/12 this included;

- Managing Attendance (*October*)
- Grant Allocation System (*November*)

Joint Scrutiny Work – Where the Committee has joined together with one or more scrutiny committees to examine a topic of a crosscutting nature to

enable collective consideration of the issues or preparation for individual scrutiny.

- Budget Preparation working group (*November – January*)
- Carbon Trading Executive response (*September*)

Policy Review – Where the Committee has considered the implementation and impact of policies, providing the Executive with Scrutiny Members' views about whether any changes are required: In 2011/12 the Committee considered the following Transformation Projects:

- Land & Buildings Programme (*July*)
- Building Maintenance Services (*September*)
- Information & Performance Management (*October*)
- ICT Service Delivery re-design (*November*)
- Business Administration (*November*)
- Customer Management Strategy (*January*)
- Strategic Technology Partner; Enterprise Architecture; Enabling Technology & Transformation Capability (*October*)

Policy Development – Where the Committee has contributed to the Council's policy development processes by considering draft policy documents, In 2011/12 these included;

- Draft Strategic Equality Plan 2012-16 (*January*)
- Budget Strategy 2012/13 (*September*)
- Local Government Measure 2011 (*March*)

Pre Decision – Where the Committee has evaluated and commented on policy proposals before they go to the Executive, giving the Executive the opportunity to know Scrutiny Member's views prior to making their decision. In 2010/11 this included;

- The Corporate Plan 2012-14 (*February*)
- The Proposed Budget 2012-13 (*February*)

Monitoring Progress – Where the Committee has undertaken monitoring of the Council's progress in implementing actions previously agreed. In 2010/11 this included;

- Transformation Portfolio updates (*July, September*)
- Wave 2 (Transformation) overview (*January*)
- Audit Panel Annual Report (*January*)

Monitoring Performance – Where the Committee has undertaken monitoring of the Council's performance in implementing actions previously agreed. In 2011/12 this included:

- Improvement Assessment (*September*)
- Annual Improvement Report 2012 (*March*)
- Performance Quarter 1 (*September*) (*Q2 & Q3 information only*)
- Budget Month 3 (*September*)
- Corporate Risk Register (*November*)

Highlights of 2011/12

Transformation

The Committee continues to prioritise consideration of the Council's change programme. The '*Transformation Portfolio*' now has eight '*programmes*' prioritising transformation '*projects*' that will deliver savings and efficiencies and also aim to maintain or improve services. They are:

- Service Redesign: City Space
- Service Redesign: Place Services
- Service Redesign: People
- Shared Services
- Citizen Focused
- People and Leadership
- Commissioning and Procurement
- Land and Buildings

Senior Responsible Officers have been allocated to each programme, and Project Managers are in place to progress the projects.

During the 2011/12 municipal year, a six monthly *Transformation update* emerged as the way forward in formalising scrutiny of the change programme. Prior to the introduction of these six monthly updates, in July 2011, Members reviewed progress and found that the **governance** arrangements of the transformation portfolio had significantly improved. The value of engaging with scrutiny at the right time was recognised by the transformation office, and the Committee welcomed the offer of more detailed reports for inclusion on all scrutiny committees' work programmes.

The Committee welcomed the Chief Executive's view that the transformation portfolio is clearly a Member driven process, however observed that such a

complex officer governance structure for the transformation programme may be overly bureaucratic. Members emphasised that future transformation updates to scrutiny should provide greater **access to financial information** and once again the Committee expressed general concern at the slow **pace of delivery** of the transformation programme. The Committee emphasised it is looking for results, not process.

The Committee had previously been advised that 3-6 month consultancy contracts were injecting crucial expertise into the transformation process with the aim of increasing internal managerial capacity and capability. **Employee development** would be effected through the knowledge transfer of expertise from the external resources to internal staff, alongside the Cardiff Academy. Members were advised that it will take four years to complete the skills transfer from external to internal staff and highlighted concerns about **staff morale** generally, particularly in light of the tier 4 reorganisation.

In addition the Committee had previously highlighted an absence of **measurement** mechanisms, both for Members to spot the potential for projects to go wrong, and to measure the progress of transformation projects. The Committee observed that without timelines and targets future scrutiny of progress would be compromised. The Committee identified some unrest around the Council's relationship with its **Strategic Technology Partner**, TCS, as a consequence of rebalancing the savings approach.

In September 2011, Members considered the first six monthly update report, as a part of the formalised Transformation Project governance arrangements. The Committee was looking for a projection of the total cashable savings to be realised in the current year, against the target £8.713m savings; an indication of the level of savings which have already been fully realised; those which have clear benefit delivery plans and are to be monitored throughout the year; and the level of savings which are subject to further development of benefit profiles and delivery plans.

The 2012/13 budget strategy report had indicated that the Transformation Portfolio was on track to deliver significant savings over the medium term but should be regarded as investing money in order to reduce costs, as both internal and external support as well as expenditure on infrastructure would be necessary to ensure that benefits are embedded in the Council's process and new ways of working. The report indicated that savings from transformation were expected to reach at least £22 million by March 2013 with further phases of change likely to increase this amount compared with the previous expectation to achieve £20 million over the medium term.

Following the scrutiny, the Committee raised concerns about **Transformation Savings and Costs**. The Committee were delighted to hear that savings projections had increased to £60 -80million by 2015. Whilst it was made clear that these were rough projections, and the Committee expressed pleasure at the forecast, Members felt there was still a lack of clarity around savings.

At this point in time the six-month update report did not include all costs of transformation service delivery. Following Committee's request the Chair received a written response from the Executive setting out the full year projected costs at £4,818million. The Committee have subsequently continued to receive fuller projections of the costs and savings of the programme.

Members again explored the **pace of transformational change** and were pleased to hear from the Chief Executive that there is generally an appetite for change across the organisation; the Committee however remained of the opinion that the fundamental pace of change is slow. The Committee noted that **staff resources** were presenting a challenge but were reassured that there was a confidence that resource shortfalls could be met.

In addition to its overview responsible for scrutinising the whole transformation portfolio, the Committee paid particular attention to the following key projects that fall within its own terms of reference.

Information & Performance Management

In October 2011 the Committee considered the Council's proposals to address the management and monitoring of performance, known as the Information & Performance Management Project. A review of staff involved in performance monitoring was underway, focusing clearly on performance management and culture, rather than performance measurement. In September 2011 the Committee considered the Wales Audit Office Improvement Plan for Cardiff, which noted that *'the planned development of performance measurement arrangements should enable the decision-making process to be strengthened as outcomes of action become clearer.'*

The Information & Performance Management project places a renewed emphasis on performance and its management as a culture embedded within the Authority. It proposes an approach to managing and effectively supporting information and performance management across all service areas. The project aims to ensure a consistent approach, appropriate resource alignment and expertise whilst improving the service delivery.

Following its meeting, the Committee reflected that the fresh approach to performance management was positive and were pleased that developments highlighted by a recent consultant's report, such as: harnessing the scope for sharing knowledge and best practice across the organisation; establishing a directorate approach for performance management with established role profiles; and improving the Council's response to Freedom of Information requests, were all examples of the Council moving in the right direction. The Committee was particularly pleased to hear the Chief Executive acknowledge that the drive toward performance management was shared by the Executive, and was visibly high on the Council's agenda.

Members were keen to establish when the Council will be in a position to hold all its performance data in a **central data hub** for access by all service areas,

The Committee was unanimous in identifying that **culture** is the real issue the Council faces in tackling performance management. They were seeking assurance that all levels of the organisation would embrace the new performance management approach, and not simply the senior levels. Whilst the Committee felt full assurance was missing, Members were optimistic that rolling out complete coverage of PPDR's has the potential to be a catalyst for culture change and convey the importance of performance to the frontline. Members acknowledged the role played by trade unions in organisational culture and were reassured that they are to be consulted, and all indications are that the trade unions recognise the need to deal vigorously with performance.

The Committee had some concerns that the main drivers for the revised proposals appeared to be staff resources and internal processes rather than the **citizens of Cardiff**, and wished to stress that the council tax payer is important. Members felt it important that staff link their own performance to customer experiences, as it is often the case that officers are too focussed on process rather than outcomes. They particularly highlighted how important they feel it is that the right people are leading on performance. They felt this transformation project presents an opportunity to ensure credible individuals are taking performance forward, and that getting the right people in place is key to achieving consistency of approach. Members wished to endorse the Chief Executive's view that performance management requires attention by all managers. Recognition and 'thank you' rewards are important and go some way to changing the culture.

Land and Buildings

Members had an opportunity to consider progress of the Land and Buildings transformation programme in July 2011, particularly the Our Space Project (including office accommodation, design of modern office space and facilitation of effective working practices). A recent report to the Executive proposed a blueprint for future office accommodation that will rationalise the administrative offices of the Council to four offices, County Hall, City Hall, Wilcox House and Global Link. A design brief has been created which determines how a modern office space should look, the facilities that would be available and the standards that will be met. The report recommends that over the next five years as the occupancy at the four core offices is increased, then a significant number of the Council's 51 office buildings will be able to be closed and leases terminated, or disposed of if freehold.

There are currently 3,700 staff in the 51 offices in the scope of this project and over the next five years there is likely to be a steady decrease in the number of staff and desks that will need to be accommodated due to natural turnover and voluntary severance. A number of roles within the Council do not necessitate staff to be at their desk all day. It is generally accepted by other Local Authorities of similar size to Cardiff Council who have undertaken a similar exercise that a ratio of an overall average of eight desks to every ten people is sufficient. It is suggested that a phased implementation programme of free desking will be introduced as and when business requirements exist to increase the occupancy of the four core buildings further.

Following the scrutiny, the Committee made some observations on the Council's Land & Buildings approach for consideration by the Executive. The Members were delighted to hear that **multi use of school facilities** was under consideration and that the Council was working with schools staff to identify opportunities whilst acknowledging that governing bodies will have a view on the matter. Secondly, Members raised concerns that they did not have a **financial picture** of the proposals; whilst there were many indicative

costs there were no real figures to scrutinise. The Committee will therefore look for timescales and financial data at its next update.

Thirdly, the Committee were keen to point out that in many cases land identified for ***brownfield development*** as a part of any Local Development Plan is more valuable than the building located on the site. Members felt it would be useful if LDP planners were provided with an indication of unit numbers on brownfield sites which may in future be released by the Council. As ***stakeholders*** in County Hall, Scrutiny Members were reassured to hear they will be consulted on proposed developments as part of the Our Space project.

Members expressed some concern that the buildings to be retained are the least energy efficient within the Council's portfolio. They were therefore pleased to hear that the proposals for re-furbishing County Hall would look closely at its carbon footprint, and that the potential savings in ***carbon usage*** over 51 Council buildings could be invested in a system introduced to County Hall that improves energy efficiency. Again they heard there is not yet financial data that can be shared with the Committee.

Finally, Members felt that at this point in time there is insufficient evidence of a properly joined up ***transport plan*** that will support the increasing numbers of staff to be accommodated at County Hall and urged full discussion with transport colleagues.

Business Administration

Towards the end of 2011 came an opportunity for the Committee to monitor progress of another key project of the Transformational Change Programme, a project to establish a corporately managed business administration function. The Shared Business Administration Project will reshape the existing administration function with the aim of reducing full time equivalent posts by 15%, redesigning administrative processes and implementing technology solutions to improve efficiency. Management of the new function will be

through a centralised administrative structure and will include generic and service specific general administration.

Critically, following initial scrutiny in January 2011 the Committee urged the Executive that back office administration arrangements clearly support frontline services to the citizen, who must remain at the heart of all transformational change projects. The Executive responded that one of the principles that the project will be underlining in its approach to Shared Business Administration is that the citizen and customer are at the heart of all the Council does.

In the intervening period between the two scrutinies, a number of concerns about the approach materialised. Most visibly a concern that the approach to this project was staff and structure led rather than process led. The scale of the challenge resulted in a decision to review the approach taken. When the Committee considered the project in November 2011 the outcome was that a mix of corporate and locally managed teams would deliver Shared Business Administration services. There would now be three generic teams:

- **A Council wide Business Administration team**
- **Locational Business Administration teams**
- **Service Administration Support teams**

The Project Highlight Report indicated that £60,000 of savings have already been made and projected gross savings from this project over the five years to 2015/16 are £11.158 million. The non-*financial* benefits of the project are listed as fewer FTEs engaged in support service activities; greater focus on front line service delivery; improved productivity; increased customer satisfaction with services; improved use of management information for decision making; and improved perception of services.

Following the scrutiny, the Members raised concerns with the Executive in the following areas

The Committee felt it was important that the Council's ICT arrangements facilitate **business continuity** and were keen to ensure that the service would 'back up' the aspiration to centralise Business Administration across the Council. They were therefore pleased to hear the Head of Internal Services commit to ensuring that the two areas within his control are joined up.

Members wished to stress the opportunity to **change the culture of administrative support** and improve processes to reduce the administration necessary to improve work processes. It was recognised that administrative support is often used as a safety net and improvements to work design were the way forward. Members urged that the administrative workforce be taken on the transformation journey by consulting with all stakeholder groups. They were keen to ensure that the proposed training would be accredited and transferable and recognised that administrative staff turnover is likely to be higher. It is fair to say the Committee did have some concerns about centralisation but heard that 'flexibility' of Service Level Agreements would make the difference this time.

The Committee observed that some Councils contract external companies to provide administrative services. Members noted that this had not been evaluated as an option in Cardiff as pursuing internal efficiencies is considered a preferable approach. Finally the Committee concluded that centralisation diminishes accountability, and some Members felt full accountability is achievable only when administration sits within the services it supports.

Improvement

In 2010, the Wales Assembly Government (WAO) introduced a new improvement assessment mechanism. The Local Government Measure 2009 requires the Auditor General to carry out an annual Improvement Assessment for each authority to determine whether the Council is likely to comply with part 1 of the Measure, and to assess whether it is likely to comply with the statutory duty to make arrangements to secure continuous improvement. This new approach to assessing Local Government improvement means the Council receives two WAO reports each year; An **Improvement (Corporate) Assessment Report** in Spring /Summer and a published **Annual Improvement Report** in the Autumn/Winter containing a summary of the Improvement (Corporate) Assessment and findings from the performance assessments undertaken throughout the year.

The Improvement (Corporate) Assessment Report assesses how the authority is organising itself to improve; such as how the Authority uses its people and how it makes decisions. The report will be a public document available on the WAO website. The Annual Improvement Report is an overarching report on how the authority is actually performing, showing how its plans for improving are working out in practise. It is a summary of the Improvement Assessment Report and the reports of inspections carried out by other regulators, and reports on how the authority has performed.

In September 2011, the Committee had an opportunity to consider the Improvement Assessment. The Assessment stated clearly that a priority of the coming months should be to “demonstrate the benefits arising from the transformation programme particularly in the context of improvements being delivered to citizens”. Secondly, the assessment acknowledged that external support had been commissioned, and that performance management culture and arrangements for robust challenge and scrutiny were progressing. However WAO noted that their proposal for the Council to include plans to

refresh and renew the ICT infrastructure in its medium term financial plan had not yet been fully implemented. In addition, the Council still needed to embed property requirements in service planning and establish clear milestones to enable evaluation. Thirdly, the assessment acknowledged progress in actively seeking to engage with residents through the 'Ask Cardiff' website and working with the new Integrated Partnership Board, but acknowledged it needed to do more. Finally the Assessment stated the Council was aware of key HR risks, developing a corporate approach to workforce planning, adopting a new performance management system; and had identified the significant challenge of finalising negotiations with trade unions and staff on a new Single Status pay model.

Of particular interest was the Auditor General for Wales comment that he would be asking his Improvement Assessment team to consider the reliance that can be placed upon the self-assessment processes in place.

Following the scrutiny, the Committee felt that the *Improvement Assessment* held **no new improvement challenges** for the Council and questioned the value of the process in improving services. They did, however, acknowledge that consideration of the Assessment had provided a useful foundation for future scrutiny of the *Improvement Report*; and had also highlighted a number of additional considerations for the Committee's forthcoming work programme.

The Committee expressed some concern about the **regulatory burden**. Members felt strongly that the value of increasing the regulatory burden should be evident in service delivery outcomes. Alongside this they observed that the Welsh Government appear to be imposing regulation that has a demonstrable effect on the Council's ability to make its own decisions on service delivery and budgets.

The Committee recognised a **need for scrutiny to enhance the work of the Wales Audit Office** in order to meet the requirements of the new inspection approach. To that end, and in pursuit of efficiencies, they welcomed the

Leaders suggestion that a business case be prepared to increase resources for scrutiny to deliver greater internal inspection. The Committee felt that this would also require additional Member resources, as identified by its citizen focussed scrutiny review and Green paper to Council in January 2011, however Members suggest the new Municipal year will present an opportunity for fresh ways of working. In short, the Committee concluded that the position of scrutiny in the organisation must be strengthened. Members wished to record that they have serious concerns about the delivery of effective scrutiny within existing resources and considered there was clearly a case for strengthening the resources to better support Scrutiny Members.

The Committee heard that there is a commitment to reducing the **cost of external inspection** and urged the Executive to explore with WAO similar savings efficiencies that the Council is expected to deliver on its own budget. They were encouraged to hear officers acknowledge there is a need to work together with WAO to develop a scenario that leads to decreasing costs of inspection and endorsed the importance of the Council's performance arrangements supporting this.

In response, the Executive recalled that the limitations on Member capacity to support additional Scrutiny activities were real, they would consider a business case put forward by Scrutiny, as part of the budget process explaining what aspects of activity are currently hampered by a lack of sufficient resources, properly evidenced in order that it could be given full and proper consideration. Whilst the 2012/13 budget bid for more scrutiny resources was not accepted as part of the Budget in February 2012, the Service was not subjected to any budget cuts.

Managing Attendance

This Committee has consistently monitored the Council's approach to sickness absence. In 2011, the Committee committed to re-visit the sickness absence inquiry it carried out in 2005.

The Terms of Reference were ***to review existing sickness absence levels in light of measures taken since 2005; and examine the potential for improving the Council's management of attendance***

In October 2011 the Committee approved the 41 key findings and 19 recommendations of its task group inquiry, and the Chair was invited to present the Committee's findings to the Executive in January 2012.

Six years on from the Committee's first inquiry, the Committee concluded it was clear that the organisation had indeed made progress in reducing ***long-term*** absence, however ***short term*** absence remained high and therefore its recommendations focussed on short-term absence.

In summary, with the Managing Attendance report, the Committee aspires to a level of progress that acknowledges the contract between employer and employee; the employer's duty to ensure the workplace is not a cause of sickness, supporting those suffering genuine illness; the employee committing to full attendance unless they are genuinely sick.

Through all the task groups discussions ran the importance of strong, consistent and compassionate leadership, in touch with individuals and their work performance. Those in charge must take full responsibility for managing attendance, and be fully empowered to implement the actions necessary to do so. The Committee are recommending an adjustment and tightening of the policy, whilst introducing greater flexibility for line managers.

Importantly, the Committee's research identified comparable organisations that have made greater progress in managing attendance than Cardiff Council. Some have reduced their average annual sickness absence levels by as much as six days. In respect of schools, the task group identified an imbalance in arrangements to support attendance management through the Mutual Fund. The recommendations therefore seek to start incentivising schools' management to make progress in reducing sickness absence.

Effective attendance management is more than policy and procedures; it is fundamentally dependant on the willingness of senior management to regard it as a priority; the ability of line managers to competently deliver policy; the consistent application of trigger points as a means of monitoring potential attendance problems; planning interventions and the support of occupational health. The Key Findings are therefore made around **6 themes**:

Performance, Prevention, Policy, Responsibility, Improvement and Schools

In summary, the Committee recommend setting more challenging targets in the forthcoming Corporate Plan, for a reduction in sickness absence per FTE to 9.7 days in 12/13; 9 days in 13/14 and 8.5 days in 14/15. In addition setting stretching attendance targets for all service areas; revising the Councils Sickness Absence Policy to reduce the number of stages from four to three; seeking the agreement of Trade Unions in its implementation, but if this cannot be achieved the Executive and senior management being prepared to proceed without agreement; where the sickness absence policy is failing to have an impact, or being abused, enabling managers to seek authority from the Chief Executive to apply flexibility to take action to ensure targets are met; undertaking a major impact assessment of the way the Council's Occupational Health services are currently used; making appropriate use of data available on DigiGov regarding attendance; and an external review of the Council's needs in the area of well being by an external body.

Focussing on Schools the Committee feel that current procedures act as a disincentive for head teachers and governing bodies to effectively address long term sickness absence. It is therefore recommended that a school's eligibility for continuing membership of the Mutual Fund should be dependent on: the adoption and consistent application of the Council's sickness absence policy; full reporting of all absences; routine completion of return to work interviews; and adoption of the Council's DigiGov system when available. To incentivise schools to effectively address short-term sickness absence it is recommended that the Mutual Fund should only be accessed for absences greater than 20 days.

Finally the Chief Schools & Lifelong Learning Officer is recommended to set up a process to identify the extent to which schools accept and apply attendance management policies. This will include the recording of absences, conducting of return to work interviews, reporting of absence data to governors and how long term absences are addressed. This process will identify schools that fail to make full and effective use of Council policies and the Chief Schools & Lifelong Learning Officer should review their continuing membership of the fund.

The Committee concluded therefore that sound policy, consistent leadership, flexibility and an eye on future innovative approaches to well being are the keys to progress.

In its response to the inquiry the Executive accepted 13 recommendations, partially accepted 5 recommendations and rejected 1 recommendation. The Corporate Plan 2012-14 now has targets to reduce sickness absence to 10days per FTE in 2012/13 and to 9 days per FTE in 2013/14.

The Committee will consider the Executive response at its March meeting.

Single Status Job Evaluation

Since the Council embarked upon the Job Evaluation process in June 2005 this Committee has monitored progress. The Single Status Agreement required all Local Authorities to review their pay and grading structures via a Job Evaluation process to ensure that they are fair and non discriminatory. The 2004 National Pay Award agreement imposed deadlines on the process, and stated that all Councils should complete pay and grading reviews through a job evaluation process by March 2007. A Single Status/Job Evaluation Steering Group made up of Trade Union representatives, Service Area representatives and the Job Evaluation Team has taken forward the Job Evaluation exercise on behalf of the Council using the Greater London Provincial Council (GLPC) Job Evaluation Scheme. This Job Evaluation Scheme breaks down each job into a number of factors e.g. job requirements, work factors, knowledge and skill, producing a rank order of jobs used to create a new and fair pay and grading structure for the Council, which is consistent with equal pay for work of equal value principles.

In October 2011, the process was complete and the Executive programmed consideration of the outcome of Cardiff's job evaluation process. Executive Decision: EXEC11038, made by the Executive on 15 September 2011 was published on 19 September 2011 with an implementation date of 29 September 2011. This decision resolved to approve the proposed single status pay and grading structure along with the associated terms and conditions of employment. It was taken without the benefit of pre-decision scrutiny and the Chair of this Committee requested that the decision be called-in for Scrutiny Committee consideration for the following reasons.

- a) The decision is one of the most important decisions of the Executive this year, impacting on the Council's finances, its fiduciary duty to the council tax payer, and its reputation as an employer.
- b) As such it has not received the benefit of pre-decision scrutiny and the involvement of Members.

- c) The proposals are flagged as red in the Executive's Forward Plan and as such the Policy and Performance Scrutiny Committee should have had an opportunity to consider the matter before any decision was made.
- d) The Policy Review & Performance Scrutiny Committee has responsibility for scrutinising the Council's governance arrangements to ensure Member involvement and understanding of the decision making process.
- e) By not referring such an important matter to scrutiny prior to decision making the Council has not followed its own governance arrangements.

The role of the Committee when calling in a decision is:

- (i) To test the merits of the decision
- (ii) To consider the process by which the decision has been formulated

Following the call –in, the Committee advised the Executive it would not be referring back the decision for further consideration. The Committee specifically requested that the Chair of the Committee be afforded an opportunity to address Full Council, highlighting its concern that the Council's own governance arrangements had not been followed in relation to this matter, in that a decision marked “red” had not been afforded the opportunity of pre-decision scrutiny.

The Committee were crystal clear that both the Executive and Scrutiny functions are charged with ensuring the good governance of the Council and its decisions. In the spirit of continuous challenge and improvement, and hope of securing some learning from the time invested in the call-in for all parties the Committee issued the following observations.

- Governance is a key responsibility of this Scrutiny Committee. The lack of pre-decision scrutiny on such a key decision represents a democratic deficit.

- The Committee felt that owing to the restrictions of the call-in process there had not been an adequate opportunity for Scrutiny to benchmark the proposals against other Authorities or examine them in depth in an unpressured manner.
- Whilst Members accepted that the Executive expressed some regret that Scrutiny had not been factored into the decision making on this matter, they felt the explanation was overly focussed on the Executive timetable for implementation. They welcomed the acknowledgement that, with hindsight, the Executive would have liked to involve scrutiny.
- Importantly there was a strong indication from the Committee that faced with similar circumstances in the future, Members' preference would be to hold a special meeting of the Committee to facilitate exacting timetables, rather than miss an opportunity for crucial pre-decision scrutiny. The Members felt that this is an important point, and would urged a commitment from the Executive that a similar situation will not occur in the future. Once again they re-iterated that there is an opportunity for greater alignment of Executive and scrutiny work programmes, as highlighted in the Committee's Citizen Focussed Scrutiny Review of 2010.

In response the Executive shared the Committee's view that there are useful lessons to be learned from the process and are fully committed to ensuring such circumstances are avoided in future. The Executive acknowledged it was regrettable that the matter was not referred for pre-decision scrutiny. In summary both the Committee and Executive acknowledged that this call-in had been valuable in airing concerns.

The Job Evaluation Proposal received the approval of all three trade unions and is currently being implemented.

Future Scrutiny Developments in Cardiff

The introduction of new legislation, coupled with significant organisational transformation, national policy trends and the 2012 Council Election will all signal changes in the landscape of Scrutiny in Cardiff next year.

Scrutiny Members, including those Members serving on the Policy Review & Performance Scrutiny Committee, are keen to be at the forefront of this change and to ensure that the scrutiny function continues to offer the best quality of challenge and improvement in changing circumstances.

This short section summarises some of the ways that scrutineers are preparing for these changes:

Scrutiny Listening Exercise

Building on the findings of the 2011 Scrutiny Green Paper, Scrutiny Services launched, in February 2012, a Listening Exercise to seek views from Councillors, officers and key external stakeholders on what they thought were the key successes of Scrutiny in Cardiff during the past four years, and any ideas they had on how we can further improve our effectiveness.

The Scrutiny Research Team arranged a number of Listening Exercise workshops and one to one interviews in February and March, and a number of very helpful ideas have been shared. Members will have the opportunity to consider these ideas early in the new municipal year.

Local Government (Wales) Measure 2011

During 2012 The Measure will introduce a number of significant changes to the way local authorities manage their democratic functions, with the aim of strengthening the role of local Members and citizens in holding Councils and other local service providers to account. It is a significant opportunity for

Scrutiny Committees to enhance their existing overview role, and will also require them to respond in new ways to calls from Councillors, citizens and local organisations to scrutinise local services.

The Scrutiny Team will support the newly appointed Scrutiny Chairs and Committee Members during the summer of 2012 in making the best use of these opportunities, and respond effectively to any challenges that arise.

Increasing Partnership Scrutiny

The Welsh Government has commissioned a range of studies in recent years (including the Beecham Review and the more recent Simpson Review) which have substantially advanced thinking on the role of collaboration in public service administration.

Cardiff was the first local authority in Wales to introduce scrutiny to its Local Service Board in 2009, and following the successful evaluation of its award-winning pilot Scrutiny Panel it has resourced a new Scrutiny Panel, which met for the first time in March 2012. The Panel will play an important role in scrutinising the effectiveness of the Cardiff Integrated Partnership Board, and in optimising the implementation of the 10 year “What Matters” strategy for advancing wellbeing across seven key outcomes for people living in, working in or visiting our city.

A growing number of new local and regional collaborative scrutiny arrangements are emerging, notably for Cardiff the Prosiect Gwyrdd Joint Scrutiny Panel, and the emerging Consortia for Education and for Social Care. Later in 2012 the introduction of Police and Crime Panels will also call on Cardiff to contribute to the regional scrutiny of crime and disorder in the South Wales Police force area.

It will be important to ensure that any arrangements in this regard do not conflict, but complement each other. Their terms of reference will need to be

correct, clear and complementary to ensure that they operate in a co-ordinated and mutually supportive way. The Scrutiny Team will work closely with Scrutiny Chairs and colleagues to help Cardiff meet the challenge of collaboration.

Communicating and Involving Citizens

The Local Government Measure (Wales) 2011 seeks to place elected Members and citizens at the heart of scrutiny. Whilst the Guidance on the Measure contains detailed advice on how local authorities can contribute to this ambition, it should be noted that the Scrutiny Team had already begun to review its communication processes, particularly considering how new technology and social media can raise citizen awareness of scrutiny in Cardiff.

Early in the 2012 – 2013 municipal year Scrutiny Members will have the opportunity to consider proposals for improving the scope and effectiveness of our communication, outreach and involvement.

Scrutiny Member Induction and Development

Scrutiny is a Member-led function, and its success is closely linked to the capacity and capabilities of the Members who sit on Scrutiny Committees.

The local government elections in May 2012 will see inevitable changes to the composition of Cardiff Council's Membership, and of its Scrutiny Committees.

The Scrutiny Team are working closely with colleagues across the Council to provide a range of opportunities for new and existing Members to build or refresh their Scrutiny skills, and extend their knowledge and insight into a range of issues relevant to their Scrutiny role. The Team is confident that Members will find these opportunities to be valuable and enjoyable, and that they will benefit Members more widely in fulfilling the full span of their duties as an elected representative and community champion.

OVERVIEW OF SCRUTINY DURING THE 2008-12 ADMINISTRATION

Over the last four years, the Committee has carried out the following Inquiries

- Local Development Plan (2008/09)
- Council Tax (2009/10)
- Carbon Trading (2010/11 *Joint with Environment Committee*)
- Citizen Focussed Scrutiny (2010/11)
- Grant Allocation System (2011/12)
- Managing Attendance (2011/12)

In addition to these, the Committee has focused on scrutinising: budget proposals; budget monitoring; fundamental organisation review / transformation programme; risk management; performance monitoring; performance management; the corporate plan and associated service area business plans. Scrutiny of key strategic and policy documents has included; relationship managers letter; improvement plan; statement of internal control; single equalities plan; corporate procurement strategy; investors in people; citizen engagement; strategic technology partner; legal resources; agency strategy review; bi-lingual services; complaints strategy review; emergency planning; internet review; recruitment & selection policy; people strategy; welsh language annual report; shared services; customer service strategy; media & communications review; on-line recruitment; fleet management; job evaluation/pay & grading scheme; revenue income optimisation; sickness absence; local government measure 2009; outcome agreement; internal shared services phase 2; asset management plan; property disposals policy; central transport services; simplifies management structures; 2011 census strategy.

FUTURE WORK PROGRAMME OPPORTUNITIES

This scrutiny year has been shorter pending local government elections in May 2012. The Committee has found its time stretched to cover a growing transformational change programme and the services that fall within two large directorates (Corporate & Shared). There are a number of items the Committee will carry forward and commend to the Committee of 2012/13 for consideration early in its work planning. These include the April 2012 six-month transformation portfolio overview; the Employee support strategy & plan; an inquiry on Electoral Services; and an update on the Cardiff Academy.

COMMITTEE TERMS OF REFERENCE

- To scrutinise, monitor and review the overall operation of the Cardiff Programme for Improvement and the effectiveness of the general implementation of the Council's policies, aims and objectives.
- To scrutinise, monitor and review the effectiveness of the Council's systems of financial control and administration and use of human resources.
- To report to an appropriate Executive or Council meeting on its findings and to make recommendations on measures which may enhance Council performance in this area?

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