

**POLICY REVIEW & PERFORMANCE
SCRUTINY COMMITTEE**

4 March 2014

CARDIFF COUNCIL PERFORMANCE REVIEW

Reason for the Report

1. The Policy Review and Performance Scrutiny Committee has responsibility for scrutinising the Cardiff Council's programme for improvement, its strategic policy development and overall corporate performance management arrangements, as well as for considering performance of a number of specific directorates.
2. At its 7 January 2014 meeting, the Committee heard from the new Chief Executive of Cardiff Council, Paul Orders, that he had made a review of the Council's performance management arrangements a priority. This report provides the Committee with background information to aid their consideration of this review, which is being undertaken by the Assistant Director - Sports, Leisure and Culture.

Background

3. Performance management could be summarised as being about:
 - "Achieving the goals of the organisation and the community;
 - Prioritising what gets done and making sure there are enough resources to do it;
 - Ensuring local authorities provide value for money;
 - Motivating and managing staff;
 - Providing satisfaction for users and communities."¹
4. It has also been described as a simple process which should be fundamental to how any organisation functions.² Organisations should:

¹ IDEA, Members' Guide to Performance Management, 2002

- Determine their priorities or objectives;
- Identify means of measuring the delivery of objectives, informed by effective benchmarking;
- Use those to monitor progress in doing so, again including benchmarking against others;
- Take action (such as redeploying resources or changing delivery practices) if monitoring reveals inadequate progress;
- Report progress openly to those to whom the organisation is accountable; and
- Re-evaluate priorities and measures in light of the above.³

Local Government (Wales) Measure and Wales Programme for Improvement

5. The Local Government (Wales) Measure 2009 places a general duty on authorities to ‘make arrangements to secure continuous improvement in the exercise of [their] functions’. There is no absolute duty to improve, ‘rather authorities should put in place arrangements which allow them effectively to understand local needs and priorities, and to make best use of their resources and capacity to meet them and to evaluate the impact of their actions’.⁴ The Measure sets out some fundamental principles for local government improvement:

- “Improvement” properly means more than just quantifiable gains in service output or efficiency, or in the internal effectiveness of authorities. Rather it should mean anything which enhances the sustainable quality of life for local citizens and communities;
- Authorities should determine their own priorities for improvement based on a thorough understanding of local needs and their capacity to address them;

² Commission on Public Service Governance and Delivery, chaired by Sir Paul Williams, January 2014. Available on the Welsh Government’s website at:

<http://wales.gov.uk/topics/improving-services/public-service-governance-and-delivery/?lang=en>

³ Williams Review p242, para 6.113

⁴ Local Government (Wales) Measure 2009, Wales Programme for Improvement guidance, Part 1: Local Government Improvement, available at:

<http://wales.gov.uk/topics/localgovernment/partnership/progimprove/part1lgi/?lang=en>

- That understanding should inform, and be informed by, the longer-term shared vision of community outcomes as encapsulated in each area's community strategy;
- Approaches to performance management [among other issues] should sustain and be consistent with the above principles.⁵

Issues – The Welsh Context

Wales Audit Office – 'Local Improvement Planning and Reporting in Wales'

6. In September 2013, the Wales Audit Office published a study entitled 'Local Improvement Planning and Reporting in Wales'⁶, which sought to answer the question: 'Are improvement authorities planning, delivering and reporting their improvement effectively?'
7. The Auditor General made the overall conclusion that "All authorities are getting better at connecting what they want to achieve with their plans and resources and some are presenting a clear and candid picture to local people, but poor information makes it difficult to be sure that they really understand their own performance sufficiently well to address the challenges they face."
8. The Auditor General further concluded that:
 - a) "whilst all authorities are complying with their legal obligations both to plan for and report improvement, they are not consistently acting in accordance with Welsh Government guidance and acting on the recommendations of regulators;
 - b) most authorities now have clear improvement objectives and are increasingly expressing them in terms of measurable outcomes for local people;
 - c) authorities are generally getting better at planning to achieve improvement but some fail to connect their objectives sufficiently with their corporate plans and arrangements;

⁵ Ibid., page 6, para 2.1

⁶ Wales Audit Office Local Improvement Planning and Reporting in Wales', 2013. Available on the Wales Audit Office's website at:

http://www.wao.gov.uk/system/files/publications/Local_Improvement_Planning_and_Reporting_in_Wales_English_2013.pdf

- d) whilst most authorities are using a wider range of measures, over half have difficulty in accurately measuring their performance across all services due to partial or inaccurate information;
- e) not all authorities are making comparisons in a way that helps councillors and local people understand how well their council is doing;
- f) few authorities are making enough use of performance information to evaluate, inform and drive their improvement; and
- g) authorities are increasingly engaging local people in a dialogue about their performance and improvement but a number report selectively and others fail to present a clear picture.”⁷

9. The Auditor General therefore made the following recommendations:

- i. That authorities ensure that their corporate plans and improvement objectives are fully supported by realistic financial and service plans to enable effective delivery.
- ii. That Welsh Government and authorities work together to improve the clarity of guidance in relation to improvement planning and reporting.
- iii. That authorities ensure that all performance reports provide a clear, accurate and impartial evaluation of performance giving appropriate context in the form of relevant comparisons.
- iv. That Welsh Government and the Welsh Local Government Association work together to support authorities to improve the quality, range and consistency of the data sets they are using and reporting.
- v. That authorities ensure that scrutiny and internal audit functions’ programmes of work fully consider the effective discharge of their duties under the Local Government (Wales) Measure 2009.⁸

10. The Auditor General found a number of specific areas where local authorities across Wales could improve their practice:

- Making performance reports more accessible to the public both physically and in terms of tone and content;

⁷ WAO, *ibid.*, p6

⁸ WAO, *ibid.*, p7

- Taking a candid approach to the publication of performance information and engaging with the public
- Publication of comparative data;
- Use of consistent measures and historical data to allow scrutiny committees to make a judgement about performance over time;
- Use of performance information in the development of formal plans for improvement at a corporate and service level.

11. The Review also noted some good practice across Wales in terms of the breadth of information being used to judge the impact of their activities on the lives of local people. This included:

- Local statistics such as unemployment figures
- National statistics
- Feedback from service users
- Consultation and survey responses from citizens
- Service output and timeliness information
- Cost/benefit analyses.

Commission on Public Service Governance and Delivery

12. The Commission on Public Service Governance and Delivery⁹, commissioned by the Welsh Government and chaired by Sir Paul Williams, ('the Williams Review' or 'the Review') reported in January 2014. The Commission was set up by the First Minister in April 2013 to examine how public services in Wales are governed, "held accountable for their performance and delivered most effectively to the public".¹⁰

13. The Williams Review devoted a chapter to performance and performance management, concluding that "the performance of the main public services in Wales is poor and patchy, and is characterised by a lack of ambition."¹¹ The

⁹ Available on the Welsh Government's website at:

<http://wales.gov.uk/topics/improvingservices/public-service-governance-and-delivery/?lang=en>

¹⁰ Welsh Government website

¹¹ Williams Review, p190, para 6.2

Review also found that performance management practices in Wales are “a long way” from achieving significant service improvements.¹²

14. In particular the Williams Review noted that:

“There is a widespread lack of clarity and consistency about the objectives that are pursued; about how progress is measured, monitored and accounted for; and about the mechanisms to drive improvement. There is also too much emphasis on measuring and targeting inputs and processes rather than the outcomes to which they should contribute; and far too great a sense of contentment about performance within Wales rather than comparison with the best in class elsewhere.”¹³

15. The Review describes the “data collection industry” shifting attention “from using data intelligently to improve performance to an exercise in simple measurement”. Data “are collected and reported unthinkingly rather than being used to inform decisions about which services need to be improved and how”.¹⁴

16. The Review makes a number of recommendations to Welsh Government about the development of a national performance framework. This should include:

- “A clear and concise set of outcome measures, with milestones and targets where appropriate, agreed between the Welsh Government and each local service board”;
- The ways in which organisations measure, manage and account for the performance must be more robust; streamlined and consistent across and between organisations;
- Public service providers should “engage with citizens, communities and user groups in establishing means of managing and monitoring the performance of tailored programmes of delivery”;
- Welsh Government should clarify the performance measures, indicators and targets currently in use.”

¹² Ibid., p190, para 6.4

¹³ Ibid., p191, para 6.2

¹⁴ Ibid., p223, para 6.53

17. The Review also makes recommendations to public services more generally in their own management of performance:

- “Each public organisation should adopt and implement a single, robust and effective means for measuring, managing, improving and reporting their own performance, including appropriate ICT systems. Auditors and inspectors should routinely verify the existence and effectiveness of this; and
- Organisations that routinely collaborate at a local level, and the partnerships they establish, should adopt compatible performance management techniques”.¹⁵
- “All public service organisations must empower their staff to help define corporate and service objectives, the means of measuring them; and should use that to frame the objectives of teams and individuals; and
- As part of their commitment to continuous improvement, all public service organisations, must seek to foster a culture and set of values that support the intelligent and informed use of performance information by staff at all levels.”¹⁶
- Organisation should “clearly identify valid and relevant benchmarks for the performance of their services, within and beyond Wales;
- Compare their performance regularly and reliably using those benchmarks;
- Use the results to identify under-performance, scope to improve in both output and outcome terms, and the means of doing so; and
- Report the results of this analysis clearly and publicly, including to those charged with formal scrutiny.”¹⁷

Issues - Cardiff Context

18. This Committee considered the results of the Welsh Local Government Association’s Peer Review of Cardiff Council and the Wales Audit Office’s Annual

¹⁵ Ibid, p243, para 6.117

¹⁶ Ibid, p244, para 6.121

¹⁷ Ibid, p245, para 6.123

Improvement Report and Letter at its 15 October 2013 meeting.¹⁸ Both reports concluded that the Council needs to improve its performance management and planning arrangements.

Wales Audit Office Improvement Letter

19. The Auditor General made a number of comments regarding the Council's approach to improvement planning and performance monitoring, as set out below:

- The Council is not fully meeting Welsh Government guidance because the Corporate Plan includes a wide range of proposed activities making it difficult to identify the improvement objectives for 2013-14;
- The absence of clear and measurable targets means the Council will be unable to fully evaluate its performance.

20. The Auditor General therefore made the following proposals for improvement:

P1 - Establish clear improvement priorities for 2013-14 by November 2013, identifying more explicitly the specific improvement sought during the year to enable more focused reporting of outcomes [these were set by the Cabinet at its meeting on 10 October 2013].

P2 - Improve performance reporting as required by the Measure, by:

- providing a full evaluation of performance against improvement objectives for the year in question;
- providing comparative information, showing results compared to the Wales average here available, and with similar bodies for particular aspects of performance where relevant;
- ensuring data presented is relevant to demonstrating achievements in relation to the particular objective and is clearly explained; and
- adopting publication arrangements that ensure the Council's annual report of its performance is easily accessible to its citizens and other stakeholders.

¹⁸ Papers are available on the Council's website at [http://www.cardiff.gov.uk/content.asp?nav=2872%2C3250%2C4875&id=&parent_directory_id=2865&textonly=&language=&\\$state=calendarmeeting&\\$committeeID=1432&\\$meetingdate=15/10/2013](http://www.cardiff.gov.uk/content.asp?nav=2872%2C3250%2C4875&id=&parent_directory_id=2865&textonly=&language=&$state=calendarmeeting&$committeeID=1432&$meetingdate=15/10/2013)

P3 - Develop performance management arrangements so that:

- corporate improvement priorities and timescales for delivery are clear and appropriate measures are put in place to evaluate progress;
- service business plans are aligned with new structures and indicate the delivery associated with achievement of corporate improvement priorities as well as 'day-to-day' operations;
- a consistent approach is adopted to addressing opportunities for improvement identified by internal and external reviews and monitoring delivery; and
- reporting arrangements are further refined to enable indication of the outcomes/benefits achieved as a result of activity.

Welsh Government Association Peer Review

21. Similarly, the WLGA Peer Review made a number of findings regarding the Council's business planning and performance management arrangements.

22. With regards to business planning, the Peer Review concluded that budget planning processes were sound, but too short term and that there was no connection between finance and service performance on a consistent basis. The Peer Review recommended that the Council should "provide a clear service planning framework for all services and for corporate activities or cross-cutting themes. The development of each service strategy with at least a 3 year timeframe needs to go through a robust process to be then aggregated into a corporate holistic view for the Members and the corporate management team to consider, including a full options appraisal."¹⁹

23. With regards to performance management, the Peer Review noted the existence of a corporate performance management function, performance reporting and forums for corporate challenge, such as the Business Change Board, but also that "the approach is inconsistent across Directorates and services".²⁰ The Review also found that:

¹⁹ WLGA Peer Review, p14

²⁰ Ibid., p15

“Although performance indicators exist the basis of them was not clear. The best will use those that challenge performance against a similar peer group of authorities as well as driving year on year challenge. There was no evidence that this was the Cardiff culture. More worryingly there was no systematic link between performance, service levels and activity and Finance which would bring meaningful information to members. The organisation is data heavy, but information light. [...]”²¹

24. The Review concluded that :

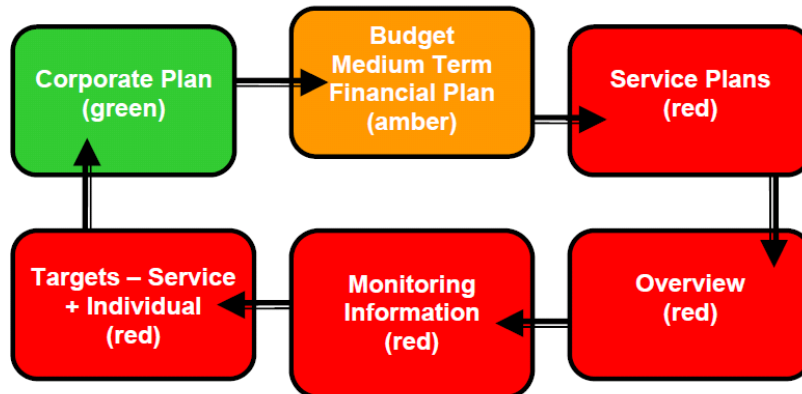
- “The Council needs to develop a comprehensive performance management framework from Members to the Corporate Management Team and individual services. This should be linked to the corporate priorities and business/service planning process including financial and service performance [...]
- The Corporate Management Team and Directorates need to define with terms of reference the approach to performance management and ensure a simplified model but which is effective in driving forward performance and monitoring progress.
- Performance indicators need to be designed and measured to be truly fit for purpose. The Council’s performance management team is starting this process but need to work closely with each service as well as Members and corporate finance.
- A new, simpler and more transparent reporting system is required if both Officers and Cabinet Members are to be held accountable for performance. Quarterly reporting is inadequate and there is an urgent need for a simple system which gives the following:
 - A summary paragraph for the month which should highlight remedial actions or good news.
 - Finance for the period, cumulative and forecast for the year ahead.
 - KPIs for the month, and the trend against last month and last year.
 - Programme milestones, and performance linked to priorities in service plans.

²¹ Ibid., p16

- Risks and mitigation.”²²

25. The Peer Review concluded from its analysis that the Council is ill-prepared when compared with the process set out above, and provided the summary below in terms of its ‘organisational readiness’.

Organisational Readiness – our analysis



26. The Peer Review therefore made the following recommendations regarding service planning and performance monitoring:

- The Financial remit covering the next three years should be translated into a business plan with firm and outline plans to deliver the change across the full period. [...]
- The service plans developed should be assessed regarding the opportunities for internal efficiencies, changes to service performance, levels and volumes and opportunities for external alternative service delivery models [...]
- The Business Plan should contain relevant Performance Indicators and be linked to the ambition that Cardiff has set itself.
- That these indicators are developed urgently with the involvement of Members as described above.

²² Ibid., p16

- The introduction of monthly performance reports covering the range of topics set out in the report and appropriate office governance arrangements including effective Business Change Boards.
- Development of an appropriate performance management system across the organisation to support the change programme and improvement.²³

Way Forward

27. The Leader, Councillor Heather Joyce, and Paul Orders, Chief Executive, have been invited to attend the meeting. Martin Hamilton -Assistant Director, Sport, Leisure and Culture, will set out his approach to the review of performance management, work to date and future plans for implementing change.

28. Members may like to consider the following during the meeting:

- The terms of reference and scope of the review;
- The review's intended outcomes;
- Timescales for implementation;
- How far the review will address the local issues identified by the WLGA Peer Review and the WAO Improvement Letter;
- How far the review will address the national issues raised by the Williams Review and the Wales Audit Office's review of Improvement Planning and Reporting.

Legal Implications

29. 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 Cabinet/Council will set out any legal implications arising

²³ Ibid., p34-35

from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement 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 fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

30. 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 Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

The Committee is recommended to:

- i. Note the information presented at the meeting;
- ii. Consider whether it wishes to make any comments to the Cabinet; and
- iii. Consider whether it wishes to schedule any further scrutiny of the issues covered.

MARIE ROSENTHAL

County Clerk and Monitoring Officer
26 February 2014