

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

4 MARCH 2014

Present: Councillor Howells (Chairperson);
Councillors Bale, Hunt, Knight, Lloyd, Marshall, Murphy,
Robson and Walker.

Apologies:

66: DECLARATIONS OF INTEREST

The Chairperson reminded Members of their responsibility under Part III of the Members' Code of Conduct, to notify any interests in general terms and complete personal interest forms at the start of the meeting and then prior to commencement of discussion of the item in question, specify whether it is a personal or prejudicial interest. If the interest is prejudicial, Members would be asked to leave the meeting and if the interest is personal, Members would be invited to stay, speak and vote.

67: SCRUTINY RESEARCH REPORT – PERFORMANCE BENCHMARKING

The Chairperson welcomed Gladys Hingco, Principal Scrutiny Officer.

The Committee currently scrutinises Cardiff Council's Delivery and Performance Reports on a quarterly basis, once they have been presented to Cabinet. Members have recommended on several occasions that more comparative data should be included with performance reports to enable the consideration of Cardiff Council's performance as against that of relevant local authorities. The Committee has previously been informed by Cabinet Members and officers that identifying suitable comparators is a difficult task. Comparisons within Wales are often judged to be ineffective, given Cardiff's particular characteristics as capital city, while comparisons outside Wales can be complicated by differing performance regimes and methodologies. The Committee therefore commissioned the Scrutiny Research Team to undertake a research project to examine the feasibility of benchmarking Cardiff Council's performance against other local authorities.

Gladys Hingco gave a presentation to the Committee. The presentation covered the following:

- Research Methodology; a review of online and academic literature and interviews with selected officers in the Council and external organisations.
- Benchmarking Background
- Benchmarking Definitions
- Applications and use of Benchmarking in the Public Sector
- Benchmarking in Cardiff Council
- Benchmarking Providers; these include the Local Government Data Unit
- Challenges in Performance Benchmarking
- Successful Benchmarking

Gladys Hingco informed the Committee that in her view the best definition of benchmarking was given by J. Holloway et al in 2000 and is as follows:

The pursuit, by the organisation, of enhanced performance by learning from the successful practices of others. Benchmarking is a continuous activity; key internal processes are adjusted, performance is monitored, new comparisons are made with the current best performers and further changes are explored. Where information about these key processes is obtained through a co-operative partnership with specific organisations, there is an expectation of mutual benefit over a period of time.

The Chair invited the Committee to ask questions.

The Committee observed that there can be a tension between output and numerical measurement and a more qualitative assessment of performance. It is not easy to measure how well things are done and the quality of outcomes. There is a danger that measurement of quality may be sacrificed for measurement of output; how can quality be assimilated into an approach like this? The Committee was advised that benchmarking is about using the data sets to stimulate discussion about the processes that lie behind the quality, or lack of quality, of the work that is being done. It is also about understanding the variables, such as

geographical variables, and about understanding what quality is the desired quality.

The Committee asked how Cardiff Council's benchmarking compares with that of other local authorities and what effect this has on the performance of the authority. The Committee was advised that the research did not cover the benchmarking carried out by other local authorities, although there is no reason why a research project on that could not be carried out.

The Committee asked how many benchmarking 'champions' Cardiff Council has and asked what is the process for someone to become a champion. The Committee was advised that the Council has no champions. Each service area undertakes its own benchmarking according to its own demands, and there is a lot of variation between service areas.

The Committee suggested that there will have to be a review of performance targets to see if, in light of austerity measures, they are now appropriate.

The Committee was concerned about comparators outside Wales, such as the percentage of pupil attendance in primary schools. There is a concern that performance frameworks in England and Wales are moving further apart and that has an impact on comparing Cardiff's performance to that of other local authorities. Cardiff is in a unique position in Wales due to a variety of factors including its economy and size, and so it is also difficult to compare in Wales. The Committee asked if there is any evidence to show which is the best performance monitoring system. The Committee was advised that national strategic indicators are defined by regulatory bodies and by local authorities, so Cardiff is in a position to influence how they are set.

The Committee had heard during the presentation that a key characteristic of the Data Unit's benchmarking approach is in having a "closed group", where benchmarking information is not publicly available and the sharing of information is confidential to participants. The "closed group" approach enables the effective sharing of information and learning between those involved in benchmarking. The Committee asked if Cardiff Council is represented in the "closed group". The Committee was informed that there is some service area representation in the Data Group "families". This representation consists of two or three people from each service area across Wales, where that service area is represented.

The Chair thanked Gladys Hingco for her report and for attending the meeting to present it and answer questions from Members.

AGREED - That the report be commended to the Leader.

68: CARDIFF COUNCIL PERFORMANCE REVIEW

The Chairperson welcomed Councillor Paul Orders, Chief Executive and Martin Hamilton, Assistant Director, Sport, Leisure and Culture.

At its 7 January 2014 meeting, the Committee heard from the Chief Executive that he had made a review of the Council's performance management arrangements a priority. The Committee heard from the Chief Executive and the Assistant Director - Sports, Leisure and Culture who had been commissioned to undertake the review.

The Chair invited the Chief Executive to make a statement.

The Chief Executive informed the Committee that Performance Management within Cardiff Council is an issue that the authority has to get right. The initial impressions he gained after being appointed to his post in late 2013 chimed with points that have been made by the Peer Review. There is an insufficient emphasis on improving performance and this has to be taken on board. The Council needs to achieve a step change. Process is only part of this. There needs to be a strong performance management culture. There should be no long, drawn out process to achieve the required improvements. The critical issue is to get the new team of Directors up to speed and spelling out the importance of Performance Management. Regarding current performance reports, the Committee was advised that there are too many of them and they don't get to the heart of the matter. Performance information is the culmination of a process of challenge, both managerial challenge and challenge through the scrutiny process. Scrutiny can add significant value to the way Cardiff Council functions and it is critical that senior managers embrace it fully. Personal Performance Development Reviews (PPDRs) are also very important. The Assistant Director would be concentrating on the quality of PPDRs, 'dip-testing' objectives to ensure coherence and comparability. The exercise would be less of a tick-box and more about quality.

The Assistant Director gave the Committee a presentation which covered the following:

- Performance Management Framework
 - Managing what the Council needs to deliver, managing how it delivers it and managing for improvement
- Performance Management Culture
 - Clarity of purpose and expectation
 - Rigorous management challenge
 - Informed consideration of performance
 - Openness about weaknesses – learning organisation
 - Consequences
- Reflections on the Current Position
 - Basic Tools in place and understood
 - Inconsistent Management Challenge
 - Inconsistent picture of the quality of Performance
 - Focus on Measuring ‘Outputs’ NOT ‘Outcomes’
 - Inconsistent Benchmarking
 - Inconsistent Focus on Remedial Actions
 - PPDR – Focus on Compliance
- The Agenda for Improvement
 - Outcomes delivery
 - Financial performance
 - Management health
 - Quality Directorate Business Plans by April 2014
 - Major drive on PPDR with and emphasis on quality
 - Test and improve management process
 - More sophisticated approach to benchmarking
- Outcomes
 - Clear delivery plans for:
 - Corporate & Partnership priorities
 - Budget challenges
 - Core business

- Strong management focus on delivery
- Honest, timely discussions on performance issues
- Proactive planning for future service challenges
- Manage out poor performers.

The Committee was informed that the Assistant Director is taking a pragmatic approach to the Review. His brief is to work with the new Directors and their teams, to get a clear understanding of the current position and to improve it. Developing long-term relationships with other local authorities will be more important than short-term comparisons with them. It will be important to get the right comparators for the right services. There has been real peer challenge and discussion in Senior Management Team meetings. These meetings also provide opportunities to identify common issues across service areas. The PPDR process through the DigiGov system is being streamlined, to remove unnecessary processes and emphasise those elements of it that address the quality of a person's performance. Now that this has been done, managers will have no excuse for not using the system and completing PPDRs.

The Chair invited questions from the Committee.

The Committee pointed out that Performance Management has been on the agenda for the past ten years and yet nothing has happened. It is a massive change programme and it provokes three questions; where will the resources come from, how will defensiveness be countered and are the required management skills available in the organisation? The Committee was advised that the Senior Management Team is a resource that has to be harnessed. Improvement has to be supported and driven by them in their Directorates. Across the organisation they are people who are able to bring about improvement and they have to be identified and their energy and commitment has to be used well. It is also important to identify those who do not appreciate the need for improvement.

The Chief Executive informed the Committee that he is putting in place significant time each month for the Senior Management Team to devote itself to Performance Management, looking at the performance of the various service areas in turn. Three service areas will be looked at initially. On PPDRs, he is keen to ensure that the performance objectives for each of the Directors are published, so that everyone knows what is expected of them.

On removing employees' defensiveness, the Assistant Director informed the Committee that it will be important to emphasise the importance of

clear, honest and constructive discussion about performance and reassure people that it is not about assigning blame. There will be support for improvement but also consequences when someone is found to be masking poor performance. The current financial situation will drive people to work more closely together.

The Committee referred to the Cardiff Improvement System (CIS), and suggested that there is inconsistency in the way staff and management use this and other electronic systems. The Committee asked whether the right ICT architecture is in place to support improvement. The Assistant Director acknowledged that CIS has been around for a long time but advised the Committee that he fears that introducing a new system at a time when performance improvements are being sought will only lead to stagnation. Once the culture is right, then consideration can be given to whether or not electronic systems should be updated. The Chief Executive agreed that a new system could prove to be a distraction when there are more basic performance issues to be addressed.

The Committee suggested that managers are allowed to pick and choose how they make comparisons with other local authorities and asked the officers where they see the balance between a corporate overview and the choices of managers. The Committee was advised that it is about the service area, under challenge, to articulate the rationale for the figures that it puts together.

The Committee asked what kind of performance management framework will be used. The Committee was advised that rather re-training staff to use a new methodology it is more important to have an honest analysis of the situation within Cardiff Council at present. The Chief Executive added to this, saying that previously there has been a strong emphasis on management by objectives. The intention now is to get a more rounded understanding of performance at corporate, team and individual level.

The Chair thanked the officers for the report and for attending the meeting to present it and answer questions from Members.

AGREED - That the Chairperson, on behalf of the Committee, writes to the Leader highlighting the following issues:

The Assistant Director informed the Committee that his brief was to re-energise performance in the Council and that he is taking the pragmatic view that the emphasis should be on working with people to drive forward improvement, rather than concentrating solely on

the performance framework. The Committee supports the approach which he set out in terms of encouraging a more holistic view, as well as the aim to foster a culture of challenge and true management of performance across the organisation. Having discussed this issue on several occasions in the recent past, however, and seen little proof of change, Members will be looking for real evidence that this approach is working at future meetings.

Members commented that there is an important but difficult balance to be struck between creating an environment in which performance can be discussed openly and honestly and one in which poor performance is penalized. The Committee is in agreement that managers are key to ensuring the success of this approach. The Committee noted officers' comments that new Directors have the responsibility for ensuring rigorous challenge within their own Directorates and that their expertise and energy must be harnessed to create appropriate peer challenge at Senior Management Team. This approach must also be apparent at Cabinet level.

The Committee was given a draft of the new quarterly performance report template at the meeting and were informed that officers are working to ensure improved timeliness of performance reporting in future. The Committee looks forward to scrutinising the Quarter 3 report in some depth at its 1 April 2014 meeting and to hearing the Cabinet point of view on this process at that stage.

The Committee had some initial comments about the template which Members hope are taken into account. The Committee appreciated the more rounded view which the format appears to give, having previously recommended that performance reporting should align more effectively with the reporting of risk and budget monitoring. Members recommend that an even wider view of performance is developed in future to include the customer point of view and to present a more qualitative picture of the Council's performance.

The Committee also urges the Chief Executive to ensure that the reports allow satisfactory tracking of progress between periods. The 'challenges' section should reflect actions taken in the previous quarter to meet identified challenges, for example, rather than just identifying the next quarter's challenges. Better trend analysis is also needed, beyond the single year of historical data included in the report. Above all, the Committee hopes that the robust challenge process which the Assistant Director is putting in place will ensure

that there is no selective reporting which could mask poor performance rather than tackling it.

At this Committee meeting, Members received a Scrutiny Research report regarding Performance Benchmarking and Members would like to commend the report to the Leader and her officers. As the Leader will be aware, the Committee has for some time recommended that the Council should take a more effective approach to benchmarking in order to ensure that we are learning from appropriate successful organisations to improve our own performance. The Committee was glad to hear from the Chief Executive that he was amenable to taking the results of the research on board and would like feedback at a later date about how senior managers are implementing changes to the Council's benchmarking practices.

69: ATTENDANCE AND WELLBEING POLICY IMPLEMENTATION

The Chairperson welcomed Philip Lenz, Chief Officer, Human Resources, and Lynne David, Centre of Expertise Manager.

The Chair reminded Members that the Committee considered a draft of the new Attendance and Wellbeing Policy in November 2012. After discussions with Trade Unions and comments from this Committee, the draft Policy was revised and eventually approved by the Cabinet in April 2013. It was put into practice on 1st July 2013. As part of its work programme this year, the Committee asked to scrutinise the implementation of the Policy to consider its effectiveness in reducing the Council's levels of sickness absence.

Lynne David gave a presentation. The presentation included information for the Committee on the following:

- New Central Sickness Absence Team
 - New team responsible for management of process for all cases of absence of 4 weeks and over and cases of stress related absence
 - Comprises 5 posts - 3 permanent and 2 temporary

- Since in place:
 - submitted 1038 OH referrals
 - 46 dismissals of long term absence
 - Contact visits 1185
- Short term absences: still managed directly by managers
- Short Term Trigger points
 - Informal Support Stage : - 2 absences in 6 months
 - Stage 1 - 4 absences in 8 months
Written caution
 - Stage 2 - 6 absences in 8 months (or additional absence of 6 days and over)
Final written caution
 - Stage 3 - 8 absences in 14 months (or additional absence of 6 days and over)
Dismissal
 - Each stage may also be triggered if an unacceptable pattern of absence is identified
- Long Term Absence Data
 - The following Quarter 3 comparable data has been used to review the long term sickness trend;
 - April 2012 – December 2012 = 64,180 Long Term FTE days lost
 - April 2013 – December 2013 = 57,356 Long Term FTE days lost
 - The number of Long Term Absence cases has also fallen from 591 cases as at December 2012 to 425 cases as at December 2013
 - Therefore the overall trend shows a reduction in days lost and a reduction in cases.
- Quarter 3 Sickness Data

- Q3 data shows a decrease in absence based on previous 2 years data
 - Based on this, the forecast for 2013/14 is 10.4 FTE days (target is 10 FTE)
 - Target for 2014/15 : 9 FTE days
- Next Steps
 - Commitment to review after 6 and 12 months operational experience
 - Mini 6 month review underway to assess operational issues arising from implementation.
 - 12 month review (in August) will be in more depth

The Chair invited questions from the Committee.

The Committee noted that the overall trend shows a reduction in sickness absence but queried whether it was possible to separate out the effect of the Policy from the effects of other changes, such as loss of staff. There are fewer people now working for the Council and suggested that this might skew the figures. The Committee asked how sickness absence is being measured in relation to steps being taken in individual service areas. The Committee was advised that the report presented was a corporate report and they may like to follow up with particular directorates to explore the work they were undertaking underneath that to tackle sickness absence.

The Committee asked what has been the impact of changing the sickness absence trigger points. The Committee was informed that there is now greater compliance in managers completing Return to Work interviews and hitting triggers points.

A Member asked what the estimated cost of sickness absence is, assuming that the projected outturn of 10.4 FTE days is reached for 2013/14. The Committee was advised that the cost is about lost productivity as well as financial cost. The officer offered to email the Member with an approximate figure on the cost of sickness absence.

The Committee noted that in Education one of the results of teacher absence is that temporary teachers have to be engaged and this has an impact on the education of children.

The Committee asked whether the Council should do more to promote preventative activity, such as healthy eating and was advised that the approach is holistic and includes things like providing healthy foods in the staff canteen and encouraging staff to stop smoking; the Policy includes wellbeing initiatives.

The Committee referred to a table in the report showing sickness levels in Welsh local authorities and noted that compared to some other authorities Cardiff Council has not managed to reduce its levels of sickness absence by very much over the past few years. The Committee was advised that it is difficult to make comparisons between Cardiff and, for example, Merthyr Tydfil, which is a much smaller authority. Also, different local authorities collect sickness data in different ways.

The Committee asked whether the new Sickness Absence Team will be able to maintain its work, given the cuts that are being made to Council service areas. The Committee was advised that no posts had been deleted from the team in the 2014/15 budget. The team had been developed to include both permanent and temporary posts however, so that should demand on the team decrease, with the anticipated drop in sickness absence levels, then the size of the team could be reduced.

The Committee asked about targets for service areas and about what is being done to get those service areas that have high levels of sickness absence to improve on this. The Committee was advised that it is part of the role of the new Directors to reduce sickness absence.

The Committee asked the officer if he had a view about the high levels of sickness absence in some service areas, such as Environment. The Committee was advised that the sickness absence policy has been looked at a number of times. A new policy is now in place which matches best practice and it is the responsibility of managers to implement it. The central team must make sure that they have the skills and tools to do so.

The Committee felt that the Council should find out what the Vale of Glamorgan Council has done to bring its sickness absence levels down from 12.7 FTE days in 2006-07 to 7.8 FTE days in 2013-13. The officer advised the Committee that he would be very pleased to look at that but he added that there is very little difference between the sickness absence policies of the two authorities.

The Chair thanked the officers for attending the meeting, for their presentation and for answering questions from the Committee.

AGREED - That the Chairperson, on behalf of the Committee, writes to the Deputy Leader highlighting the following issues:

The management of sickness absence has been something in which this Committee has taken an interest for several years. The Committee was pleased to learn from officers that the early indications are that the new Policy appears to be having a positive impact on the Council's levels of sickness. The Committee noted from the comprehensive information presented by the Chief Human Resources Officer that there does however remain considerable variation across Directorates. We would anticipate variations to some extent given the diversity of the services provided by the Council, but there is also clear variation in their completion of Return to Work interviews and trigger points. The Committee will be discussing its 2014/15 work programme in the coming months and should it decide to consider this issue further, the Committee will aim to scrutinise particular Directorates' implementation of the Policy in depth. It is clear that the Senior Management Team must own this issue in order to drive sickness levels down within their own Directorates.

Members considered performance benchmarking at the same meeting and would urge officers to explore further how Cardiff can learn from other local authorities' management of sickness. While the Committee noted the Chief Human Resources Officer's comment that comparisons of the Policy have shown that it is largely similar to those of other local authorities, the Committee hopes that officers will also endeavour to learn about successful management and cultural changes which other authorities and organisations have implemented in order to effect a change. There is also some further scope for good practice to be shared across the Council; officers mentioned, for example, the preventative work which has started within the Environment Directorate. The Committee will be interested to gauge whether this is successful and if it could be rolled out to other Directorates effectively.

Members particularly emphasised during the meeting that a holistic view of sickness absence is needed. The Committee referred, for example, to the potential effect that high sickness levels in schools could have on educational attainment. Members were reassured that

HR People Services is working closely with Head Teachers, but Members would be interested to learn if there is any correlation between higher levels of sickness and those schools which have not chosen to adopt the Attendance & Wellbeing Policy. Members were particularly supportive of the preventative and positive approaches which were included in the Policy when it was presented to the Committee in November 2012 and would like to re-emphasise the importance of positive and preventative approaches to the health of staff.

During the meeting, the Committee requested to know what the approximate cost of sickness absence to the Council if the forecast 2013/14 level of 10.4 FTE days is reached. The Committee would be grateful if this could be forwarded. The Committee would also be interested to learn about the views of the Wales Audit Office following their review, as well as the operational 12 month review which will be carried out in August.

70: BUDGET MONITORING 2013/14 – MONTH 9 – INFORMATION REPORT

AGREED - That the report be noted.

71: CORRESPONDENCE – INFORMATION REPORT

AGREED - That the report be noted.

72: DATE OF NEXT MEETING

It was noted that the next Committee meeting would be held on 1 April 2014