County Hall
Cardiff
CF10 4UW
Tel: (029) 2087 2000

Neuadd y Sir
Caerdydd
CF10 4UW
Ffôn: (029) 2087 2000

CARDIFF
CAERDYDD

AGENDA

Committee	POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE
Date and Time of Meeting	TUESDAY, 8 MARCH 2022, 4.30 PM
Venue	REMOTE MEETING VIA MS TEAMS
Membership	Councillor Walker (Chair) Councillors Ahmed, Berman, Bowen-Thomson, Cowan, Henshaw, Lister, Mackie and Williams

Time approx.

1   Apologies for Absence

To receive apologies for absence.

2   Declarations of Interest

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

3   Minutes *(Pages 3 - 6)*

To approve as a correct record the minutes of the previous meetings.

- 18/01/22
- 23/02/22 – to follow

4   Race Equality Task Force   4.30 pm

Progress Update- to follow.

5   Home & Agile Working *(Pages 7 - 134)*   5.40 pm

An Inquiry report of the Committee's Task & Finish group.

6   Committee Business *(Pages 135 - 176)*   6.00 pm

7   Urgent Items (if any)

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

8   **Way Forward**

9   **Date of next meeting**

To be confirmed.

Davina Fiore
Director Governance & Legal Services
Date: Wednesday, 2 March 2022
Contact: Andrea Redmond, 029 2087 2434, a.redmond@cardiff.gov.uk

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

18 JANUARY 2022

Present: Councillor Walker(Chairperson)
             Councillors Ahmed, Berman, Cowan, Henshaw, Lister, Mackie
             and Williams

55   :   APOLOGIES FOR ABSENCE

Councillor Lister advised that he would be joining the meeting at 5pm due to work commitments.

56   :   DECLARATIONS OF INTEREST

Councillor Joel Williams declared a personal interest in Item 4 as Chairman of the Board of Trustees and Directors of Cartref Care Homes in Cardiff.

57   :   MINUTES

The minutes of the meeting held on 14 December 2021 were agreed as a correct record.

58   :   PERFORMANCE MANAGEMENT & DATA STRATEGY - TO FOLLOW

The Chairperson advised Members that the context for this scrutiny was that the Local Government and Elections (Wales) Act 2021 placed a requirement on the Council to take ownership of its own improvement and develop a performance and governance system that allows for the annual assessment of performance, that can be reviewed by an appointed external panel.

The new performance framework the Council proposes to put in place includes engagement with scrutiny as a significant part of the governance of performance in Cardiff, alongside the formal role given to the Governance & Audit Committee in the Act. So, this was an opportunity for Members to consider how the Council is responding to meet the new legislative requirements and to make observations on the Performance and Planning Framework and the Data Strategy in advance of a report to Cabinet in either February or March 2022.

Members were advised that this is one report with two distinct but closely linked strategies and, as such, the presentation was split in two. There would be an opportunity at the end of the Performance Management presentation for questions before moving on to the Data Strategy presentation.

For this item, the Chairperson welcomed Councillor Chris Weaver, Cabinet Member Finance, Modernisation & Performance, with portfolio responsibility for Human Resources; Paul Orders, Chief Executive; Chris Lee, Corporate Director Resources; Kane Woodking, Senior Business Analyst in Resources, Digital Services; Gareth Newell, Head of Performance and Partnerships; Dylan Owen, OM Policy & Improvement and Chris Lloyd, Enterprise Systems & Data Manger.

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

For the first section of this item, the Chairperson invited the Cabinet Member and Chief Executive to make brief opening statements. Members were provided with a presentation after which they were invited to make comments, observations and ask questions.

Members sought clarity on the difference between the Internal Performance Panel and the External Peer Performance Panel. Members were advised that the next Administration would set up the External Peer Performance Panel and its Terms of Reference, but it would essentially be a Task and Finish whereas the Internal Performance Panel are involved in the process at three points throughout each year.

Members referred to Robust Performance Dialogue and asked if the current system of two PPDR's per year was enough and whether there should be more regular discussions between staff and managers. It was noted that this would be considered in the new guidance which would need to provide guidance on skills for managers to deliver this consistently across the organisation. There was certainly a need for quality conversations between staff and managers on a regular basis.

Members welcomed the quarterly snapshots that had been proposed and asked if these would look at trends and how directorates could correct issues of concern internally quickly. Members were advised that Senior Management are alerted if performance data is identified as an issue, and this is discussed at top level.

Members discussed training for Scrutiny Committee Members on performance data and were advised that there would be a lot of induction training available after the elections in May, it was noted that performance training was important.

Whilst Members welcomed the new framework and progress made to date, they asked about potential outcomes if there was a decline in performance in certain areas or the Council as a whole. It was explained that the external peer panel would issue a report to Ministers and there was a potential for sanctions and/or interventions into the Council.

Discussing where the budget would sit in the new Performance Framework, Members were advised that there would still be separate reports, but Directors recognised the linkage between Finance and Performance Information. Where there is an overspend, a plan of action to address it is expected from the Director as they are made fully aware of their agreed spend limits.

Members considered it was important that the two performance panels do not duplicate work or overlap.

For the second part of this item, the Chairperson invited Gareth Newell to make an opening introduction. Members were provided with a presentation after which they were invited to make comments, observations and ask questions.

Councillor Joel Williams declared a personal interest in Item 4 as Chairman of the Board of Trustees and Directors of Cartref Care Homes in Cardiff.

Members welcomed the new system, especially the potential ability to see a holistic overview of services and how they tie together. Members asked about a timescale

for this. Members were advised that the Council are leading on this and will complete its element of the work in the next financial year, with other bodies expected to be completed in 18/24 months.

Members discussed the disparity in Council services they have experienced throughout the pandemic with staff working from home. Members considered there could be some work undertaken on this, comparing performancebefore the pandemic with home working during the pandemic.

Members asked how the data priorities are selected and were advised that they are determined by improvement objectives currently but this will move to performance leads going forward when upskilling has taken place.

RESOLVED: The Committee AGREED that the Chairperson writes to the Cabinet Members on behalf of the Committee to convey their comments and observations.

59 : BUDGET CONSULTATION 2022/23

Members were advised that this was an opportunity for an update on the Provisional Settlement and the Council's budget modelling, along with news of the budget consultation. Members were reminded that the Council's Budget Consultation for 2022/23 was now live having been agreed at a special Cabinet last week. Therefore, Committee's task was to contribute to the consultation and feed any concerns and observations to the Cabinet to inform Cabinet discussion and debate in preparing their final 2021/22 budget proposals, which would come to committee in February.

The Chairperson welcomed Councillor Chris Weaver, Cabinet Member Finance, Modernisation & Performance, Chris Lee, Corporate Director Resources and Gareth Newell, Head of Performance and Partnerships for this item.

The Chairperson invited the Cabinet Member to make a brief opening statement. Members were provided with a presentation after which they were invited to make comments, observations and ask questions.

Members asked if there was a possibility of Council Tax increasing and were advised that this was not considered as a first option, there would be discussions in the coming weeks.

Members asked about Covid expenses, asking what planning was underway for post April when the hardship fund stops and for the possibility of another wave. Members were advised that the settlement was generous, but if there was another wave then there would discussion across the UK and with Welsh Government.

Members asked how much money had been received from the Hardship fund in the past 2 years, and how this figure helps with planning for any future waves. Officers advised that they would share the published information on this, which is contained in the monitoring reports and also in the budget report to Committee's February meeting, they would see the planning for this.

Members asked about savings and were advised that the level of settlement had allowed a focus on efficiency rather than savings from front line services. Asking if

schools were being asked for efficiency savings, Members were advised that yes they were.

Discussing Council Tax Benefit, Members were pleased that Welsh Government was funding the increase in this but noted that a loss of Grants in general to the Council could be a risk and would be monitored.

Members noted the results of the Ask Cardiff Survey had prioritised Children and Vulnerable Adults and asked if this had impacted on the proposals. Members were advised that there would always be some projects that were not identified as a priority but would benefit the public as a whole.

Members asked about the level of efficiency savings and were advised that £9million in efficiency savings was being sought. Comparable data with other local authorities was not available at this time.

Members discussed the engagement of young people with the survey and noted that due to the pandemic this had had to be online. Engagement of young people was recognised as being important and would remain a focus going forward.

Members asked that Committee have sight of the Ask Cardiff Survey prior to it going out next time, noting that they have asked for this on a number of occasions previously but have not had it.

RESOLVED: The Committee AGREED that the Chairperson writes to the Cabinet Members on behalf of the Committee to convey their comments and observations.

60   :   COMMITTEE BUSINESS

Members had been provided with the correspondence generated by the Committee over the last three months of 2021, and where required the Cabinet responses received to date.

The Chairperson reminded Members that the Performance Panel meets with Cabinet and officers informally on Monday 14th February at 11.30am to discuss the Corporate Plan targets and Members were encouraged to attend.

61   :   URGENT ITEMS (IF ANY)

None received.

62   :   DATE OF NEXT MEETING

23rd February 2022, 10.00am

The meeting terminated at 6.55 pm

CYNGOR CAERDYDD

CARDIFF COUNCIL

POLICY REVIEW AND PERFORMANCE

SCRUTINY COMMITTEE   **8 March 2022**

Home & Agile Working Inquiry Report

Reason for the Report

1. To present Members with an opportunity to consider the final draft report of the Committee's task & finish inquiry into Home & Agile Working.

Background

2. As part of its 2021/22 work programme the Committee agreed to continue a review of Home & Agile working to capture the benefits of homeworking developed as an emergency response to the pandemic.

3. The terms of reference for the inquiry were agreed as follows:

   To examine how the experience of managing remotely during the pandemic can inform future policy on autonomy at work, operating within a culture of care and trust; with a specific focus on the management/leadership challenges of supporting home & agile working.

4. Members of the Task & Finish group were:
   Councillor Jane Henshaw
   Councillor Norma Mackie
   Councillor David Walker (Chair)

5. The Task & Finish Group received evidence from a wide range of internal and external witnesses as follows.

Internal Witnesses

Councillor Chris Weaver, Cabinet Member, Finance Modernisation & Performance

Chris Lee, Director of Resources

Gareth Newell, Head of Performance & Partnerships

Donna Jones, Assistant Director, Estates

Senior Management fieldwork contributors

External Witnesses

Councillor Paul Pavia, Cabinet Member Education, Monmouthshire Council

Matthew Gatehouse, Head of Policy, Engagement & Improvement, Monmouthshire Council

Hazel Illet, Senior Scrutiny Officer Monmouthshire Council

Victoria Rose-Piper, Head of Renewal, Natural Resources Wales

Way Forward

6. Attached at **Appendix A** is the final draft report of the task group. Members are particularly referred to the Key Findings (*pages 5-17*) and the 9 Recommendations (*pages 19-22*). These are based on the evidence heard throughout the Task & Finish Group Inquiry and the Review of Homeworking Literature commissioned from the Scrutiny Research Service by the task group, attached to the main report as **Appendix 1**.

7. Members may wish to consider the report, raise any matters for clarification with the task group, agree the report and refer it for consideration by the Cabinet.

Legal Implications

8. 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 from those recommendations. All decisions taken by or on behalf 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 of 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

9. 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.

RECOMMENDATION

10. The Committee is recommended to:

Consider the Home & Agile Working Report of the Task and Finish Group and agree, subject to any comments the Committee wishes to make, that it is forwarded for consideration by the Cabinet at the earliest opportunity.

DAVINA FIORE
Director of Governance and Legal Services
2 March 2022

This page is intentionally left blank

An inquiry report of the:

Policy Review & Performance Scrutiny Committee

Home & Agile working

March 2022

Cardiff Council

CONTENTS

It is undoubtedly the case that the pandemic has changed the way we live and work. One of its few positive impacts has been that organisations have been forced to try new ways of working when normal office life was virtually stopped for a lengthy period of time.

When we were all asked to work from home some organisations feared a drop in performance and staff wellbeing. The evidence is now suggesting that many staff benefitted from this arrangement but also that their work performance was usually positive too. A national, even international consensus is now building that working life may never return to pre-pandemic patterns. That will not only change the nature of employment but also how countries operate. Large scale commuting and ever enlarging office blocks may now become a thing of the past, something most of us would welcome.

Here in Cardiff Council, the impact has been substantial but, as the infection risks reduce and the threat recedes, we are recognising that the authority's future is likely to be very different from that anticipated and planned for in 2019.

The Council's Senior Management Team has responded promptly to the opportunities described and has started shaping the authority's post pandemic future. It is a huge undertaking and one which the Policy Review and Performance Scrutiny Committee felt it could contribute to. Not to scope out an alternative strategy but to seek to add value and undertake research which could offer perspectives the present and future administrations would find helpful.

My sincere thanks to my task group colleagues Cllrs Henshaw and Mackie for contributing to this Inquiry. Finally, I would like to express my appreciation of the excellent work of Principal Scrutiny Officer Nicola Newton who played a major role in shaping the report and getting it published against a very tight deadline.

We therefore offer this report in the expectation that its findings and recommendations will enhance the work already in train. We commend it to the Cabinet and to the newly elected Council in May 2022**.**

Councillor David Walker, Chair,

Policy Review & Performance

Scrutiny Committee

TERMS OF REFERENCE

1. The Policy Review & Performance Scrutiny Committee agreed following its re-start in September 2020 that its work programme would include a task and finish inquiry into the Council's approach to capturing the benefits of homeworking developed as an emergency response to the pandemic. The Terms of Reference for the inquiry were agreed as follows:

> *To examine how the experience of managing remotely during the pandemic can inform future policy on autonomy at work, operating within a culture of care and trust; with a specific focus on the management/leadership challenges of supporting home & agile working.*

2. The expected output/outcome from this investigation was:

   To produce a report that uses the evidence gathered to make recommendations to the Cabinet to inform future policy on autonomy at work within a culture of care and trust.

3. The Committee agreed that the Membership of the task & finish group would comprise:

   Councillor Jane Henshaw
   Councillor Norma Mackie
   Councillor David Walker (Chair)

KEY FINDINGS

Organisational Strategy and Culture

KF1 Where an organisation has large numbers of home/hybrid working staff there must be a trust-based model of service delivery that starts with clear corporate values from the leadership. The model should be understood and upheld by all employees, creating the culture for success. It will need to include checks and balances to ensure staff compliance when placed in a position of trust.

KF2 Organisations with a successful home/hybrid working culture have revisited and updated organisational values and developed a consistent leadership approach. The same management behaviours will be evident across all services and bases/locations, delivering a consistent culture, based on these values.

KF3 A move to home/hybrid working requires cultural change led from the top of the organisation and, in the Council, this has started to happen. Council senior managers interviewed considered that the organisational culture had started to change during the pandemic, but that further work was required to ensure that such change is consistently understood and applied by leaders in all directorates. The Chief Executive and Senior Management Team have started setting the tone and expectations for a new model of working and are now at the stage of ensuring that the tone and expectations cascade down consistently.

KF4 The Council's HR policy framework needs updating to reflect home & agile working, particularly policies affecting such areas as terms and conditions, personal performance and development review, organisation structure, job roles and responsibilities, as well as sickness absence and well-being polices.

KF5 As things change and home/hybrid working becomes established, equality between home and office-based workers is becoming the accepted norm. Senior managers consider this was not previously the case when office-based staff enjoyed some advantages.

KF6 Effective home/hybrid working requires effective corporate communication, to ensure staff feel involved and not isolated. The importance of engaging all staff in the development of new home/hybrid working proposals cannot be overstated.

KF7 It is important that home/hybrid workers establish clear boundaries between life and work and ensure a clear separation of the two.

KF8 Evidence from a spread of Cardiff senior managers revealed that every service area has its own culture. There does not appear to be a methodology for identifying what 'works well' and can be replicated. Sharing experiences and best practice in managing home/hybrid workers would secure greater uniformity of approach, which in turn would ensure the experience of home working for the Council is consistent across the organisation.

KF9 Compiling and making use of some excellent existing cultural norms which are being employed by one, or a few, Council directorates offers the opportunity for useful organisation learning and potential change.

Leadership and Management Behaviour

Performance management – role of managers

KF10 Managers have a major responsibility and will need to exercise a key role in making the home/hybrid working option a success and in helping their teams to support the creation of a successful homeworking environment.

KF11 A move to greater levels of home/hybrid working has a strategic impact on the role of the middle manager in an organisation. Senior

6

managers will become more dependent on middle managers fulfilling their potential as team leaders.

KF12 Homeworking throughout the pandemic has highlighted management style strengths, weaknesses and variation in the abilities of managers to adapt to new role expectations. Some middle managers are finding it difficult to embrace the increased responsibility.

KF13 The support needs of employees are picked up earlier in an office environment than a homeworking/virtual environment. The literature review confirms that managing homeworkers can be more challenging than managing office-based staff. Managers must adopt new ways of leading, motivating and monitoring their staff. They will also need skills in identifying and addressing wellbeing issues and concerns.

KF14 Managers who are unwilling or lack the capacity to change their management and control styles are likely to experience a deterioration in the depth and vitality of their connection with their homeworking direct reports, whose work performance may also suffer.

KF15 Managers must stay in close contact with home/hybrid workers, emphasising information-sharing and deliverables rather than close monitoring of work processes. In having this approach managers should be able to support staff in achieving work-life balance, better job performance and positive levels of collaboration with their co-workers.

KF16 Organisations that were early adopters of homeworking consider managing people online can be more challenging, particularly when more difficult conversations are required. Seeing people regularly at work enables managers to spot signs of stress. For home/hybrid workers the emphasis needs to be on regular and focussed on-line conversations and occasional face to face meetings with their manager.

KF17 Managers need to have a better understanding of what each direct report is working on and be prepared to challenge when a member of the team is underperforming. Monitoring work performance can only be successful when managers are prepared to speak openly with their staff about issues of concern including workloads.

KF18 A key success factor is that performance management is outcome based and measures an employee's effectiveness in undertaking their role as opposed to the hours worked. Trust will be central to a new outcome-based approach. Managers will need to adjust their strategies for monitoring employees, moving from behaviour-based to output-based controls in effectively managing home/hybrid working staff.

KF19 The Council's Personal Performance and Development Review framework of 6 monthly objectives setting and review is the formal mechanism for performance management. The framework would benefit from the inclusion of strategic informal checks between the 6-month reviews to manage staff performance. Manager and home/hybrid worker will also need to agree a *check- in check -out* system to maintain effective contact.

Performance managing the team- the role of managers

KF20 Senior managers in Cardiff are clear that the first question for all managers is '*can we deliver the service in the new working environment?*'.

KF21 Managing the hours worked by a team is monitored via the staff flexitime system DigiGov. Managers are encouraged to review staff flexitime records to identify any pattern of an employee continually working additional hours. Managers should encourage staff to take their leave entitlement.

Page 18

KF22 Monmouthshire Council uses a trust-based time-keeping approach. Staff are employed on a fully flexible basis, there is no clocking in or out. Core hours have been removed altogether.

KF23 It is important that a hybrid policy clarifies that any service manager has the power to insist on physical attendance at a workplace where levels of service delivery, or output, would be compromised by homeworking, or where homeworking for the individual is not producing the outcomes agreed.

KF24 Hybrid working requires agreement between staff and management to ensure business/office hours are covered. Homeworking can elongate working hours from 7.30am-9pm, leading to responses to e-mails being delayed. This is particularly an issue for frontline services where staff need to deal with calls or emails during specific periods of the working day.

KF25 Whole team contact levels vary widely across the Council. Some service areas have weekly business improvement meetings that might be worthy of experimentation by other directorates or rolled out more widely and become a feature throughout the Council. Whatever model a service area adopts should allow regular work team contact

KF26 There is a perception that team working has recently suffered in some areas. This is more likely to be the case where managers/supervisors leading frontline workers are themselves based at their home. It will be important, in such cases, for onsite or in-hub team meetings to be held from time to time so that personal contact is maintained, not only with the manager but between colleagues.

KF27 It is important that managers listen to individual employees and take their needs on board as well as the needs of the whole team in delivering the service. A key success factor in introducing a home/hybrid working model will be the need to review arrangements regularly and maintain open two-way communication with staff.

KF28 The relationship between manager and direct report should be a balanced one, using a management style that builds trust and empowers the employee. If an individual employee is struggling, they should be more closely monitored and supported.

KF29 Arrangements for new starters needs consolidation across the Council. One service reported that, where a team has a new starter, they are encouraged to work in County Hall for the first few weeks alongside a rotating number of staff, to kick start their induction. It is important that managers ensure new starters integrate well into their new team, creating opportunities for teams to meet up, including on screen socialising, and more connection and communication between staff generally. The Council offers a half day online induction course that may require review. Other successful homeworking organisations typically spend two days on induction training.

KF30 Management tools such as *mentoring* and *coaching* are used in organisations that report successful homeworking arrangements at all levels. Some Cardiff services report a mentoring approach, including one of 'buddying up' low and higher-grade staff within the service. All managers would benefit from training in the skills of coaching and mentoring.

KF31 We heard from Cardiff senior managers that '*Management roles have changed and a whole new layer of complexity exists'; 'Line managers have adapted fast…. and we must take this golden opportunity'; and 'Middle managers now take clearer responsibility for their teams and for the welfare of their direct reports'.* Present management structures may be inappropriate to address the challenges of hybrid working. Similarly, the management competencies required will be different and there will be a wide range of new skills required. A major

review and diagnosis of both structure and skills in each directorate would seem to be an essential starting point

Productivity

KF32 The positive impact of homeworking on productivity is well documented by academic and practitioner research[1] . Most employees engaging in homeworking prior to the pandemic were doing so by choice and self-reported an increase in their productivity, possibly motivated to suggest that homeworking is not detrimental to productivity. There are also manager reports of increased or 'no change' productivity with most of their homeworking staff.

KF33 The suggested reasons for improved homeworker productivity are attributed to an increase in work hours. This is usually made possible by reduced commuting times, removal of office-related distractions, work intensification, more discretionary effort, taking fewer breaks and, in some cases, working longer hours. Homeworkers are often motivated to prove that this alternative working arrangement, which suits their work/life balance needs, is successful.

KF34 The literature review found that an employee survey undertaken by the Chartered Institute of Personnel Development in 2020, and calculations made by Felstead in 2020 using Understanding Covid Society data revealed similar results. More than a third stated that homeworking had no effect on productivity. A lower proportion indicated that homeworking had either increased or decreased productivity. The main reasons cited for a decrease in productivity included having less work to do, having to provide care or home schooling, a lack of motivation/focus/concentration, limited access to workplace resources, less frequent interaction with colleagues, and changes to how work was carried out.

---

[1] Appendix 1 A review of Research Evidence on the Impact of Homeworking, January 2022

11

KF35 The review found evidence that team productivity can be adversely affected by homeworking in cases where work involves a high degree of task interdependence. However, when homeworkers make themselves proactively available on-line to their colleagues in such circumstances, team performance can be enhanced.

KF36 Cardiff senior managers' perception is that staff are predominantly more productive homeworking and use their calendars more. Microsoft Teams has improved meeting capability, frequency and therefore productivity, whilst having the benefit of ensuring that everyone's input is sought.

KF37 A key factor found to affect team productivity is organisational attitude to homeworking. Research found that team performance tends not to suffer in organisations where homeworking is regarded as normal practice.

KF38 Whilst most Council services produced no metrics on productivity pre-pandemic, for those departments that are profession/policy based the perception is that productivity is higher operating in the virtual world than in the office.

Implications for staff

Work-life balance & Well-being

KF39 Work-life balance & well-being are inextricably linked. In Cardiff senior managers report that working flexibly has benefitted employees' work-life balance and therefore, generally, staff are happy with the prospect of hybrid working. There will, however, be members of staff whose wellbeing is best served by being based at an office, or other

Council facility. There will also be a proportion of employees whose roles or home circumstances will not allow homeworking.

KF40 Flexibility of working style can have a positive impact on work-life balance, particularly due to the elimination of commuting time, however research confirms there are gender related implications, particularly the potential for increased stress and home demands on time where there are caring responsibilities. These need to be picked up during manager one to ones and addressed.

KF41 Homeworking can lead to lower levels of work-related stress than those experienced by office-based staff due to the perception of having greater control over one's work environment and schedule.   Research suggests that work-family role conflict is sometimes a source of pressure for the homeworker and has been correlated with negative experiences of emotional and physical ill health. This again will be a challenge for managers to help resolve.

KF42 In Cardiff there has been some staff resistance to homeworking, particularly where home issues and distractions can cause difficulties. Some staff have asked to return to the office, having missed the benefit of social interaction with work colleagues. Going forward the Council may need to review the impact of reduced social interaction on staff well-being.

KF43 The review of homeworking literature revealed social isolation as one of the challenges of working from home. Partial homeworkers are less likely to experience social isolation or miss the emotional support from co-workers and informal interaction with others compared with full time homeworkers. An organisation introducing homeworking should consider an individual's suitability for dealing with the social isolation associated with full time homeworking.

KF44 Research found that homeworking is unlikely to exert a negative effect on relationships with colleagues for individuals who partially work at home. (ACAS 2013). For those who are exclusively homeworking there may be links to decreased quality of co-worker relationships. The study found that it is the quality rather than the quantity of communication with others that is important to homeworkers

KF45 The homeworking employee needs an environment adequately set up for work, confidentiality, personal rules and self-discipline, which will differ from those employed at an office base.

Personal job satisfaction

KF46 A key success factor in homeworking is developing effective self-management skills. Ensuring that staff practice good diary management, that calendars are automatically updated, voicemails and out of office messages are routinely used to enable business continuity.

KF47 The individual homeworking employee has a heightened responsibility to feedback ideas and issues of concern to their manager effectively. Homeworking employees will need to develop the skills to achieve this, but it is most likely to work when the manager is able to encourage two way open and effective dialogue.

KF48 There is variable evidence of the impact of homeworking on job satisfaction. Research suggests that job satisfaction tails off as homeworking approaches 3 days per week. Where there is higher autonomy, leading to higher job satisfaction, this can often be attributed to higher personal commitment and loyalty to the employer.

KF49 Homeworkers can have concerns about the impact of professional isolation on their career prospects, however there is insufficient research evidence to establish whether homeworking contributes to lower levels of career ambition or whether employees with pre-existing low levels of

career ambition have deliberately chosen homeworking arrangements. Visibility in the workplace, if only for part of the week, may reassure staff that their capabilities are noticed by managers.

KF50 In Cardiff Council, where there has been recent structural movement in directorates, there is some evidence of career progression whilst homeworking was in place.

Practical Issues

Space/accommodation

KF51 A benefit of staff being home based for part or all of the working week is the cost reduction in overheads associated with maintaining large buildings. To utilise its asset base efficiently Monmouthshire's new HQ depersonalised office space with bookable meeting rooms for face-to-face meetings. Services are allocated office zones, but not personal desks. Monmouthshire's move to flexible working has evolved in two phases. Following the first phase move to *flexible* working the Council adopted a 50% desk: employee ratio. However, the second phase move to *hybrid* working is likely to see a 20% desk: employee ratio. The Chief Executive is located alongside his senior team and Cabinet Members share one large office.

KF52 NRW has recently reviewed its estate across Wales and established 3 hybrid working sites. A central motivating factor is Carbon reduction. Early calculations suggest that 50% less office space will be needed than previous working arrangements. The status associated with personal offices has been removed. All space has been stripped of personal belongings and set up for hot desking, providing a range of working options, with sound pods, breakout areas, sofas and team meeting areas. Visiting the office is to meet, not to work alone. NRW recognise the importance of exciting staff about their environment and have sought staff views on place-based decision making. As with Monmouthshire there will

Page 25

be less use of desk-based telephones and a room and desk booking system is in place.

KF53 It will be important that Cardiff Council maintains a longer-term vision for office needs and builds flexibility into its plans for office accommodation where staff will be hybrid working and ensures a generous supply of bookable meeting rooms.

KF54 Staff in Cardiff are currently expected to be in the office on a *need only* basis, wellbeing need, physical need or where the home working environment is unsuitable. Looking ahead managers expect most staff to be home based 3.5 to 4 days and office based 1 to 1.5 days. This will considerably reduce the office footprint

KF55 Not all staff will have the option of home/hybrid working. Technical staff will have to be at base, and some services, such as Waste Management, need middle managers and supervisors to communicate on-site with frontline staff. To avoid those staff who are wholly frontline being excluded from all home/hybrid working opportunities the Council may wish to examine the opportunities for job redesign or job share.

Technology

KF56 Technology plays a key part in successful homeworking. Homeworkers require enhanced access to technology and support compared to office-based workers as they are more affected when technological issues arise in their own environment without the immediate support of colleagues or alternative technology to rely on. This can potentially result in further social and professional isolation and stress from not being connected with colleagues.

KF57 The key to successful home/hybrid working is becoming paperless and fully electronic. Training staff and members in the technology to work virtually and providing high quality equipment will underpin this.

KF58 A hybrid working policy will require further developing and embracing of technology. To date the Council has a good record in the provision of technical support and managers are confident that the IT service, with correct funding, will be able to support homeworking effectively.

KF59 Frontline services such as Waste Management require investment in new fully integrated mobile software that allows frontline staff to work directly from home without first reporting to a core office. It requires a business case for investment in software systems,

Recruitment

KF60 Home/hybrid working is a new way of working that has become a recruitment benefit for most Council services. Staff retention is normally better with homeworking and a package offering work-life balance can be attractive. However, going forward, the Council will need to review the trends/profile of future recruits and whether this has been impacted by the offer of hybrid working.

Training and Development

KF61 Managers will require new management skills to support homeworking and would benefit from formal training in skills such as coaching/mentoring as part of a formal hybrid working roll out. Personal Performance and Development Reviews will need to address professional and career development.

KF62 Whilst the majority of staff training takes place online, some mandatory classroom-based training for the manual workforce has fallen behind during the pandemic and needs to be reinstated.

KF63 Management training and support on health and safety guidance is effective. However, a number of areas require training and development courses to maximise the effectiveness of homeworking, many of which could be offered by Cardiff Academy: They include IT skills to ensure staff are effective at online working from home; Management skills in performance management, staff development, coaching and mentoring, and improving one to one communication and listening skills. Also, how best to induct new starters whilst hybrid-working.

RECOMMENDATIONS

The Task group recommends that, in order to lock in the changing culture emerging from working arrangements during the pandemic, and to ensure a successful home & agile hybrid working model, in the medium-longer term, Cabinet:

R1 Develops, publishes and communicates to all staff a refreshed set of Council values setting out its vision of how hybrid working will be introduced and embedded. Such values will need to be widely communicated and receive constant reinforcement by leaders at all levels.
Supported by KF1,3

R2 Refreshes and updates the Council's HR policy framework to reflect new working styles, particularly policies affecting such areas as terms and conditions, organisation structure, job roles and responsibilities, PPDRs as well as sickness absence and well-being policies.
Supported by KF4,7,39,41,55

R3 Undertakes a full review of the leadership expectations and capabilities of managers at all levels. This review should provide managers with:

- An updated role definition;
- A full understanding of their responsibility for disseminating the Council's vision and upholding its culture;
- The people management skills and personal guidance they require to successfully deliver a hybrid model; and
- A clear definition and understanding of what the Council means by 'management by results.' This should include defining expected people and performance management capabilities, leading to a review of the knowledge and skills required to develop all managers to meet this key requirement.

Supported by KF2,10,11,12,13,14,17,18,31

19

R4 Clearly sets out its expectations on the levels of communication and consultation between managers and their hybrid/office-based and homeworking staff. Central to the system should be regular whole team meetings which encourage staff feedback to managers on how the effectiveness of working styles could be improved. An important element of the framework must be staff well-being needs.
Supported by KF6,15,16,19,25,26,43,44

R5 Locks in the emerging Council culture by introducing a framework for the continual sharing of service area hybrid working processes, experiences, and best practice, to benchmark and ensure consistency of culture, management, and staff experience across the Council. Capturing some excellent existing cultural norms which are being employed by one, or a few, Council Directorates offers the opportunity for useful organisation learning and potential change.
Supported by KF8,9

R6 Recognises the value in exploring the experiences of other Councils, for example Monmouthshire, which successfully introduced new ways of working well before the pandemic. Monmouthshire's experience of homeworking is summarised in this report and offers a number of learning opportunities for Cardiff Council, particularly their two-phase approach to hybrid working that further reduces staff: desk ratios and office space requirements.
We recommend contact at Chief Executive level to establish potential learning followed by exchanges at director and senior manager level.
Supported by KF22,51,53,54

R7 Invests in training to support the successful introduction of a new style of working in the delivery of Council services. Three key areas of focus and development for Cardiff Academy stood out in our research:

- *Management skills* – in coaching and mentoring; managing home/hybrid worker performance and identifying and dealing with staff wellbeing needs.

20

- *Induction* – enhanced induction for home/hybrid working new starters.
- *IT self-sufficiency* – all staff would benefit from *IT skills* training that ensures confident self-sufficiency whilst homeworking and successful communication with their line manager.

Supported by KF29,30,46,47,56,57,58,61,63

R8 Requires each Directorate to develop and implement an action plan setting out what it expects in terms of people management and preferred leadership styles. These plans should be consistent across the Council reflecting the refreshed vision and values.
Supported by KF20,21,28

R9 Requires the Senior Management Team to undertake regular reviews, at least annually, of the quality and consistency of hybrid working, its effectiveness in the delivery of council services and the embedding of the agreed and implemented recommendations in this report.
Supported by KF27,42,60

21

CONTEXT

Cardiff Council - Overview of current homeworking position

4. Prior to the pandemic very few Cardiff Council employees worked from home and some senior managers reported a level of scepticism as to whether this was the best arrangement to deliver council business. However, the pandemic emergency of 2020 demonstrated that homeworking works well for most people and the present perceived management view is that homeworking offers benefits to both employer and employee. For the past 2 years staff have taken the opportunity of more flexible working styles, adapted quickly and many are reluctant to give up homeworking. There is an added stated environmental benefit that less commuting may reduce carbon emissions, although heating and lighting the home workplace may counterbalance that potential advantage. There have also been challenges in Cardiff, and, whilst there is a general resistance to change in some Council service areas, the prevailing management view is that the pandemic has led to more flexibility and innovation. Managers' report that solutions that facilitate homeworking are emerging all the time[2]. So how did the Council arrive at this point?

5. The Council transitioned to a 'work from home' model for staff not working in critical front-line services in response to Covid-19 in March 2020. It has not reverted to pre-pandemic working practices, instead it is proposing a Hybrid Working Model (HWM) that seeks to maintain the benefits seen over the past two years, whilst mitigating the risks identified. (*Recovery and Renewal Cabinet Report, May 2021).*

6. For the immediate future, the expectation is that many staff will continue to work from home where possible. The Council's Recovery Programme is being delivered in 2 phases – 'during' (phase 1) and 'post' pandemic (phase 2). The HWM is currently under development, with staff and stakeholder engagement well underway. Work is in progress addressing complexities such as culture change, meeting protocols, and locality

---

[2] Senior Management Fieldwork by Homeworking Task Group, November 2021

22

working. The Programme will have key linkages with other Council strategies such as One Planet and Economic Recovery. A future Organisational Recovery report will set out a recommended service model. A business case analysis will be needed alongside development of the model that establishes the transformational impact, illustrating the importance of productivity gains. The current phase 1 is key as the organisation becomes clearer on how it will operate services post pandemic.

7. To support its work on a HWM the Council carried out an *Employee Survey* between July and September 2021. The headlines from the survey indicated that staff working from home during the pandemic valued no commuting (87%); flexibility (74%); and improved work/life balance (68%); however, missed colleagues / social interactions (54%); found it harder to differentiate home and work (32%); and had IT problems (31%). Looking back 70% considered themselves to be more productive (a little or a lot); 63% have an increased workload (slightly or much increased); 66% have an improved sense of wellbeing (slightly or much improved); 57% feel slightly or a lot less stressed. Looking forward, 26% of staff felt working from home would best suit their role; 15.9% would prefer to be home-based/mobile; 50.7% felt hybrid working would best suit their role; and just 7.4% felt working full time on-site/office based would best suit the role. The top benefits of hybrid working were seen as less commuting (89%) flexibility (83%) and reducing my carbon footprint (73%); whilst top disadvantages were considered hot-desking (42%) and IT problems (34%).

8. The employee survey also sought managers views on the experience of managing staff working from home. Over 80% of managers felt they had had sufficient contact with staff during the pandemic, whilst 88% considered they had been able to support their staff. Managers felt it had been easier to set up meetings (68%), use technology (64%) and productivity had increased (44%). The key disadvantages highlighted were concerns over staff well-being (49%), IT problems (46%) and increased workloads (29%). 35% of managers consider hybrid working is already

23

successfully in place; 20% consider further IT support is required and 19% would be seeking different equipment.

9. The Council plans to base its HWM on 3 key principles:

- Work is what we do not where we do it;
- Hybrid Working will be embedded in the way we work, and this will be the norm, not the exception;
- Management by results

10. As the Council develops its HWM managers will be encouraged to:

- Empower employees to have the autonomy to choose where, when and how work is carried out whilst meeting the needs of the business.

- Adapt their styles to ensure effective outputs and continuous improvement.

- Be proactive in maintaining effective communication and working relationships.

- Be fair and consistent in considering individual circumstances& workstyles.

11. Within a Hybrid working environment employees will be encouraged to:

- Take greater responsibility when choosing where, when and how work is completed in order to achieve the required outputs.
- Make the best use of technologies and their working environment to improve productivity and customer focus.
- Utilise the 3 Hybrid Working principles to meet the needs of the business whilst promoting their own wellbeing & work/life balance.
- Take responsibility for their own working practices and ensure effective communication & working relationships are maintained.

12. The Council believes working spaces are shaped by activities, not allocated to individuals. A *Digital First* approach will deliver modernisation of desktop telephony & audio/visual solutions, giving employees the software to carry out their work at any location. A desk booking system will give the employee the option of selecting location and preferred desk for a half or full day.

13. *Activity Based Working* will need to accommodate the following 4 tasks:

   - Focus - an environment that allows concentration and minimal interruption.

   - Collaboration - an environment that enables creativity and innovation working with others, either in person or via technology.

   - Socialise/Network - sharing information and ideas across teams, services, and the organisation to promote a move away from silo working.

   - Learn - formal and informal training courses, peer to peer contact, supervision and mentoring.

KEY EVIDENCE

14. Members of the task group first commissioned a review of published research evidence on the impact of pre-pandemic homeworking, to identify the issues that should form the basis of their evidence gathering from internal and external witnesses. This review is attached to the report at **Appendix 1** and the key messages from its executive summary have been incorporated in the key evidence within this report. The review provided a platform for the task groups work and those who require more detail as to the sources of evidence are encouraged to follow the link.

15. To supplement the review and the evidence gathering the task group interviewed a cross section of senior managers from a variety of Cardiff's services on their experiences of managing homeworking staff. Their views and experiences have been consolidated, analysed and headline findings captured in the key evidence section.

16. Two comparable public sector organisations were chosen as reference points, due to their move into homeworking well before the pandemic, Monmouthshire County Council and Natural Resources Wales (NRW). We were interested to learn how they have made it work and what they will be refining as they look ahead and consolidate the position post pandemic. The background to each journey, in their own words, is captured in the boxes below, and their evidence and pointers to key success factors are incorporated in the key evidence section of this report.

17. The evidence gathered has been collated and analysed thematically. The themes emerging that merit consideration for the medium-long term development of future working styles are Organisational Strategy & Culture; Leadership & Management behaviours; Implications for Staff; Practical Issues and Training & Development.

Monmouthshire County Council

Monmouthshire Council has been working flexibly for many years. The arrival of a new Chief Executive in 2009, who saw little evidence of agile working, sought to change office culture, beginning by creating an open plan office for himself and the team directly supporting him.

New headquarters, located 12 miles from the former site, were at the planning stage and would seek to address future needs, technological requirements, travel patterns, sustainable heating, and parking provision. The needs of the workforce at the time, including those commuting, were central to the plans. However, cost was a key driver, and the new HQ was constructed on the basis that 50% of the workforce would be homeworking at any one time and therefore the building could be much smaller in scale than its predecessors. That decision was made before the arrival of the pandemic.

Staff were asked to empty desks, clear bookcases, and scan documents needing to be retained, enabling the council to become paperless. For some this was difficult, however many embraced it. At the same time, the council abandoned its 'core' working hours (10am-12pm and 2pm- 4pm) and introduced completely flexible working hours. Online 'Agile Working Flexi Sheets' were introduced, placing the responsibility on the employee to be honest about the hours they were working. This required managers to trust their employees and manage performance in terms of their effectiveness in performing their role as opposed to the hours sat at a desk. All employees were required to maintain an up-to-date online calendar including meetings, working location and private appointments, so that managers were clear where staff were at all times. The Council's corporate values of Fairness, Flexibility, Openness and Teamwork were understood, and the culture became a 'trust based' model, which would assist the council throughout the turmoil of not having a HQ for an extended time.

The two years needed to build a new HQ provided a testbed for Agile Working and enabled officers and members to find alternative spaces for working and holding meetings. Monmouthshire had small satellite offices and officers took advantage of working at those and places such as community hubs and leisure centres but mostly, both staff and members attempted agile working. Formal meetings such as committees were held in the Shire Hall, a council owned historic building. Very informal meetings such as Scrutiny Chairs Group were held in a local café/pub at zero cost.

Throughout the construction period a business case for Agile Working ensured that the technology to enable staff and members to continue working effectively was put in place. All staff and members were given a laptop with video capability. Note the key difference between home-working and 'agile working' is that employees are not expected to work from a single location or from their homes, the location could be a leisure centre, a community hub, a coffee shop, or campervan!

Future arrangements, both organisational needs and accommodation capacity are under review. Pre-pandemic some staff were home-working 1 day per week whereas this is likely to become the more permanent pattern for many, with staff attending HQ 1-2 days each week.

Natural Resources Wales

Natural Resources Wales (NRW) is a Welsh Government sponsored body that became operational from 1 April 2013, formed by the merger of the Countryside Council for Wales, the Environment Agency Wales, and the Forestry Commission Wales. It is responsible for environmental protection and regulation and the maintenance of natural resources throughout Wales.

Pre-Covid NRW were already working flexibly, with few roles tied to specific locations. Working from home was by informal arrangement at the discretion of the line manager. Almost all staff already had laptops, so when Covid hit the ICT was already in place. NRW's geographical spread means its experience is a little different to Cardiff Council, though the principles of successfully delivering homeworking are the same.

NRW underwent organisational re-design a few years ago, creating more consistent teams, fewer managers and more supervisors who are closer to their actual teams. The organisational structure created uses a matrix style of management, six Executive Team Directors manage all staff across Wales.

NRW are currently reviewing their Homeworking Strategy and Space Strategy. A staff survey in July 2021 revealed that staff appreciate the flexibility of homeworking and 78% wanted to either work from home or work flexibly.

Organisational Strategy and Culture

18. Monmouthshire Council's values are Open, Fair and Flexible. Clear corporate values from the leadership that are understood and upheld by all, seek to create the culture for success. The trust-based model is endorsed by the Chief Executive hosting a whole organisation Teams meeting every Friday, referencing organisational expectations. The CEO is quoted as saying "*We employ adults, not children and you are trusted until you prove otherwise*".

    A key success factor for Monmouthshire in embracing homeworking has been effective corporate communication, to ensure staff don't feel isolated. Monmouthshire's Corporate Communications team has therefore stepped up.
    Monmouthshire stresses the importance of staff engagement, of involving staff in new proposals, understanding their needs, not underestimating the sensitivity of working arrangements and recognising that many will be against it.

    Monmouthshire admit there were difficult moments in the course of getting to their current position. Overcoming teething problems requires selling the flexibility of new arrangements. It is important that no member of staff is told they must work from home, it is very much up to the individual. Some Monmouthshire officers are still in the office more than they are at home.

    A further success factor Monmouthshire Council has identified is that all managers and staff must consider the boundaries between life and work and ensure a clear separation. The Council intend to trial hybrid working and aims to introduce a hybrid policy by Christmas 2021.

19. Natural Resources Wales report it has taken awhile for the cultures of three previously separate organisations to merge into one, suggesting there had been a few issues along the way. A lot of work has been done on values and what leadership looks like. NRW's aim now is that when you walk into an NRW office across Wales the same behaviours will be evident; a consistent culture based on the organisation's values.

20. Cardiff Council's approach to post pandemic organisational recovery is set out in 4 strands of a Recovery Programme:

People – what people need to operate efficiently and effectively, including: policies & working arrangements e.g., core hours; management / staff guides/staff training e.g. on managing outcomes; performance management; health and wellbeing support.

Accommodation - workspace needs, including spatial assessments, safe layouts, storage and document retention; Hybrid meeting arrangements; touch down requirements – core buildings and community based; workflow arrangements; smart building technology

Technology needs, including desktop solutions / standardisation; hybrid technology / meetings (staff and Members to consider); connectivity solutions

Customer's needs, including: A need to refresh any customer / resident engagement – post pandemic have expectations changed? Automation and increased digitalisation; use of data; customer contact points …. including those not able to use digital channels.

21. Senior manager fieldwork revealed there is clear direction from the Chief Executive and Senior Management Team that the manager's role is to focus on staff welfare and celebrate success, setting the tone and expectations. That tone all senior managers must aim to cascade down. Senior managers consider that organisational culture has changed, there is now more equality between home and office-based workers.

Managers recognise the organisation can benefit from homeworking and the vast majority of staff, even those that were sceptical, think there is a place for it. The Council has good Terms and Conditions and whilst happier staff makes for a better workplace, senior managers feel the Council shouldn't be taken advantage of.

Senior managers recognise that a move to homeworking requires cultural change, which remains the Council's greatest challenge. A hybrid working policy will require further developing and embracing of technology. It will also need to include checks and balances to ensure staff compliance when

placed in a position of trust. The Council's HR policy framework needs updating to reflect online working, particularly policies such as sickness absence and well-being polices. There is clearly the environmental impact assessment of homeworking to factor into new ways of working, but this inquiry has not looked closely at these.

Leadership and Management Behaviour

Performance management – role of managers

22. The literature review found that managers play a key role in making homeworking a success and in creating a successful homeworking environment. Research shows that a substantial proportion of managers (40%) confirmed that managing homeworkers is more difficult than managing office-based staff. Managers might have to change their strategies for monitoring employees from behaviour-based to output-based controls to effectively manage homeworking.
Managers who are unwilling or who lack the training to change their management and control styles, are likely to experience a deterioration in the depth and vitality of their connection with their homeworking direct reports. Research suggests Managers should be willing to relinquish the traditional notions of how best to manage performance – usually based on direct supervision – and adopt new ways of motivating and monitoring their staff. For managers who prefer to have their employees in sight, supervision of their staff, managing homeworkers, poses a challenge. They may be concerned about a loss of direct control over homeworkers, unable to detect whether an employee is experiencing difficulties, is working too much, or is not working enough. Managers must find new ways of motivating. Trust will be central to a new output-based approach. The adoption of output-based controls will involve assessing performance based on output, products, or other deliverables of the work rather than on the process or behaviours used to generate the output. The more

31

common practice of behaviour-based controls refers to assessment of employee performance based on employees' observable actions. Managers must stay in close contact with homeworkers, emphasising information-sharing rather than close monitoring of work processes. In having this approach managers are able to support staff in achieving lower work-to-life conflict, better performance, and higher rates of helping their co-workers.

23. Performance management is outcome based at Monmouthshire Council. The performance framework has changed, becoming less formal. Quarterly goal setting has become 6 monthly. A *check- in check -out* system is in place to have conversations around what matters.

One-to-one meetings are held regularly to ensure that employees know what is expected of them and to ensure they deliver accordingly. Performance management is 'outcome based' as opposed to 'time quantifiable'. Managing by output and delivery requires a lot more trust in employees. Managers need to have a better understanding of what each member of the team is working on and must be prepared to challenge when a member of the team is underperforming.

Monmouthshire consider managing online is harder, more difficult conversations are required. Members highlighted that seeing people regularly at work enabled managers to spot signs of stress and poor mental health. Monmouthshire counteract this with regular online 1-to-1's between employee and manager and consider that catch up conversations are more frequent and focussed.

A key success factor at Monmouthshire is that performance management is 'outcome based' as opposed to 'time quantified' i.e., measuring an employee's effectiveness in undertaking of their role as opposed to the hours worked.

24. NRW's considered view is that Covid-19 facilitated a huge shift in mindset. NRW consider they are getting more from their staff. Employee performance objectives are based on the high-level objectives set out in

the Corporate Plan. Performance Reviews take place twice yearly and there is an expectation that between reviews managers will carry out regular strategic rather than daily checks to manage staff performance.

25. Senior managers highlighted that the Council has a formal Personal Performance & Development Review policy and framework which continues to be applied and works well virtually. The framework ensures 6 monthly 1-to-1's with all direct reports. However, 1-to-1's are generally a more regular feature for new starters, staff who are struggling, or those undertaking new roles/ extra activities.

The support for employee needs is picked up earlier in an office environment than a homeworking/virtual environment. The individual homeworking employee has a heightened responsibility to report back to their manager effectively, recognising that they are a part of an effective solution and will need to develop the skills to achieve this.

Senior managers report that the move to homeworking has forced a change of mindset with respect to managing staff and use of their time. Generally, managers have responded well, line managers have adapted fast and managing online is functioning well. All managers are more aware of HR policies. However, homeworking has highlighted management style strengths and weaknesses, the ability to adapt and management competencies.

With homeworking management roles have changed, middle managers have become a vital organisational communication tool. Some managers are finding it difficult to embrace the increased responsibility. Virtual management removes senior manager real-time assessment of body language and behaviour in the office, making them more dependent on middle managers, but this is where the supervisory responsibility should lie. Where there are trust issues, some managers are perceived to struggle and would benefit from formal coaching/mentoring/support and training as part of a formal hybrid working roll out.

26. Senior managers are clear that the first question for all managers is 'can we deliver the service?' Managing the *hours worked* by a team is monitored via the staff flexitime system, DigiGov. Managers are encouraged to review staff flexitime records. Monitoring *workloads* starts with sound and regular communication between manager and direct report.

Whole team contact levels vary widely across the Council. In some services operational managers are encouraged to have contact with their whole team a minimum of once every three weeks, with most teams meeting on a fortnightly basis. In others whole team meetings are held once a month, team leaders meet weekly, and every individual has a 1-to-1 once per month. In others direct reports have weekly meetings with managers, there will be e-mail chats and more informal check-ups. Some report that team members speak over Microsoft Teams 2-3 times a day,

One service reported that where a team has a new starter, they are encouraged to work in County Hall for the first few weeks alongside a rotating number of staff to kick start their networking. Another service reported a mentoring approach of buddying up low and high-grade staff.

Senior managers report that whilst culture is changing and workloads are increasing, the management of performance has not changed significantly, it remains mostly output and trust based. Microsoft Teams has improved meeting capability and productivity is considered to have improved. Managers agreed the pandemic has led to innovation in some areas.

'At the start of the pandemic, I held a daily 30-minute Teams meeting with my direct reports…we developed an action plan for each functional area. I also had a 1-2-1 weekly meeting with each direct report – now fortnightly.'

There is a perception that team working has suffered in some areas. Cardiff senior managers considered that the manager's role is to lead by example by effectively separating work from home life, simply saying *'I'm logging off now'* when not working. Managers can review flexitime records

to identify a pattern of continually working additional hours and some need to encourage staff to take their leave. Where homeworking managers/supervisors are leading frontline workers, it is important to maintain a strong physical interface to avoid distancing between manager and employee. Where the organisation issues a directive that all staff who are able should work from home, it is important that a hybrid policy clarifies that any manager has the power to insist on physical attendance where levels of service would be compromised by homeworking.

27. Monmouthshire recognises that homeworking teams are more effective because of better communication and mutual co-operation. It has chosen to focus on delivering outcomes that matter to citizens, rather than counting time. To maintain momentum teams often create alternative methods of contact, e.g., outdoor meetings.

    Monmouthshire cites that a key benefit of homeworking is more effective leadership and improved workforce flexibility. Managers listen to employees and take their needs on board as well as the needs of the service, understanding that the team is not made up of 'robots'. A key success factor for that authority is that managers will need to review homeworking arrangements regularly and maintain open two-way communication with their staff.

28. At NRW 19% of the current workforce started working for the organisation during Covid. To ensure new starters and teams work well together opportunities for teams to meet up include on screen socialising, a commitment to social meetings, and more connection and communication with staff generally. New starters are expected to spend two days induction training. Senior staff are also making more effort to meet online than historically.

    NRW encourages a strong leadership approach, recognising that if Managers take a caring and supportive approach NRW reaps the benefit. Microsoft Teams phone/video calls make it easier to get to know and to praise an employee. Notably staff retention is good. A distinction is made between mentoring someone and coaching them, and a range of management

training courses are ongoing. The most senior managers are encouraged to establish relationships with professional mentors.

At NRW the relationship between managers and staff is characterised by using a balanced management style to build trust. Staff are empowered, trust is considered to be an organisational norm. If an individual employee is struggling, they are more closely supported and monitored.

Productivity

29. The literature review revealed the positive impact of homeworking on productivity is well documented by academic and practitioner research from the late 1990s and early 2000. Most employees engaging in homeworking prior to the pandemic were doing so by choice and self-reported an increase in their productivity, possibly motivated to prove that homeworking is not detrimental to productivity. More recent and rigorous evidence (after 2010) using self-reported data plus supervisor rated assessment supported that view. A quantitative assessment found that productivity sometimes increased significantly.

Various reasons were cited in different literature on the reasons for increased productivity. Generally, this is attributed to an increase in work hours made possible by reduced commuting times. The productivity gains can also arise from the lack of office-related distractions present in the home setting e.g. frequent phone calls or impromptu conversations with colleagues can be avoided. Another reason cited is work intensification. Individuals increase effort while working, putting in more discretionary effort taking fewer breaks and, in some cases, working longer hours when homeworking. One suggestion is that staff are often grateful for the opportunity to work from home, and so exert greater effort, or are motivated to prove that this alternative working arrangement is successful.

There is limited information on the effect that the widespread growth of enforced homeworking has had on productivity levels during the lockdown

36

and recent research findings have differing results. Research conducted in the Netherlands reported that productivity has slightly decreased, however Canadian research reported the opposite.

The employee survey undertaken by CIPD in 2020 and calculations made by Felstead 2020 using Understanding Covid Society data found similar results. More than a third stated that homeworking had no effect on productivity. A smaller proportion stated that this had either increased or decreased productivity. The main reasons cited for the decrease in productivity include the following: having less work to do, having to provide care or home schooling, a lack of motivation/focus/concentration, limited access to workplace resources, less frequent interaction with colleagues, and changes to how work was carried out.

There is some evidence that team productivity can be affected to some degree by homeworking in cases where work involves a high degree of task interdependence. This can be true in cases where there are limited avenues for communication and coordination between team members. However, evidence suggests that when homeworkers themselves are proactively available to their colleagues, team performance can be enhanced.

Perceptions that homeworking can threaten knowledge transfer between homeworkers and office-based staff and potentially affect the quality of relationships among workers is quite well documented in research. However, research evidence demonstrates that homeworking does not significantly affect the quality of information exchange between homeworkers and other organisational members. Instead, it was found that a key factor that affects team productivity is organisational attitude to homeworking. Team performance does not suffer in organisations where homeworking is regarded as a normative practice. The development of new processes, communication routines, schedules to accommodate homeworkers help maximise the benefits that can be derived from homeworking and the work of the team.

30. Senior Cardiff Council managers' report that where a service is profession/policy based the perception is that productivity is higher in the virtual world than in the office. The opportunity for 100% focus at home can be more productive. Removing commuting times, which benefits those that travel furthest, has the potential to gain a minimum of 1-hour extra productivity each day without additional stress. Whilst most services report no metrics on productivity, senior management perception is that people are more productive and are using their calendars more. Microsoft Teams has improved meeting capability and productivity and has the benefit of ensuring that everyone's input is sought.

Implications for Staff

Work-life balance

31. The literature review established that homeworking has a positive impact on work-life balance, particularly the elimination of commuting time, however there are gender related implications, particularly the potential for increased stress where there are caring responsibilities. Boundaries can become blurred, and one needs to adopt boundary management tactics, personal rules and self-discipline. It is critical that the home environment is adequately set up for work and the individual is sheltered from non-work interruptions.

32. Senior Council managers' report that, in general staff are happy with the prospect of hybrid working, homeworking and working flexibly with many reporting having benefitted in terms of their work-life balance. However, working arrangements need to reach a consolidated position. Work-life balance can be achieved when homeworking, usually leading to happier, more productive staff, and this therefore benefits the employer. Some managers hold weekly meetings to check on staff well-being and ensure no-one feels disconnected from the team. Staff find it less stressful not having to commute.

33. The Council has many employees with caring responsibilities for whom greater flexibility of work style has added benefits. An employee can provide a level of support for elderly relatives whilst homeworking, particularly where the work base is a long way from home and a stressful commute has been removed. Such employees found that short caring breaks did not reduce their work capacity or hours which could stretch to compensate.

34. Monmouthshire Council supports the ethos that Work-Life Balance is an opportunity for all employees, not just those with family/caring responsibilities. The Council recognises that personal fulfilment is important and may not always be connected to the workplace.

Job satisfaction

35. The literature review revealed variable evidence of the impact of homeworking on job satisfaction. Those homeworking three days or more per week reported higher levels of job satisfaction than office-based staff. For those homeworking for up to 12 hours per week a positive relationship emerges between homeworking and job satisfaction. Interestingly satisfaction tails off as homeworking approaches 20 hours (3 days) per week. Higher job autonomy equates to higher job satisfaction from homeworking. Autonomy and freedom to manage their own time and schedule the hours worked to meet both work and family commitments reduces work-family conflict. Where there is higher autonomy and job satisfaction there is higher organisational commitment and greater loyalty to the employer. This results in attracting and keeping the best talent. Note that one study revealed for those employees who worked exclusively at home, their levels of commitment were no different to those of office-based staff.

36. Monmouthshire considers a key success factor in homeworking is flexibility. They do not designate employees as a 'homeworker' but travelling to work in the office is encouraged on a 'needs basis' only,

acknowledging that some services, such as Children's Services, the team needs to work closely together. They also recognise that for some staff, such as carers and those in frontline operational public services, homeworking is impossible.

A further key success factor in Monmouthshire's view is effective self-management skills. Ensuring staff practice good diary management, calendars are automatically updated, voicemails and out of offices are switched on, will enable business continuity.

Monmouthshire firmly believes that people feel greater loyalty and motivation because they have more control over their working life. Managers understand that if you give employees flexibility, they will be more likely to work harder when it is really needed.

Well-being

37. The literature review established that homeworking is associated with significantly lower levels of work-related stress than those experienced by office-based staff. A reduction in stress is associated with the perception of having control over one's work environment and schedule. Partial/hybrid homeworkers (three days a week) report less stress generated by frequent meetings and interruptions by colleagues and perceive less exposure to office-based politics. A general perception is that homeworkers are less available and provide less support in challenging situations. Colleagues are often an outlet for discussing work and non-work matters. There is also evidence of people feeling a sense of reciprocity – the need to increase effort in exchange for homeworking privilege. Presenteeism - homeworkers may feel compelled to work even when sick to avoid employer's doubts regarding their productivity or to maintain the 'privilege' of homeworking. Impact on Absenteeism – it is notable that amongst homeworkers there is a drop in absenteeism, including frequent or habitual absence, from work. The homeworker may, for example, take a morning off when ill rather than a full day, return to work when not fully recovered— or take no time off at all

The review found limited information and evidence on the impact of homeworking on the mental health of employees. An early detailed research exercise in this area by Mann et al. (2000) found that homeworking has a significant emotional impact on employees. This study reported a range of negative emotions such as loneliness, irritation, worry and guilt were more apparent compared to office-based workers.

A statistical analysis of a quantitative study by Mann and Holdsworth found that female home workers are likely to experience higher levels of mental and physical ill health than male homeworkers. The balancing of work-family role conflict has been noted as a source of stress for the homeworker and has been correlated with negative experiences of emotional and physical ill health. Female homeworkers usually retain responsibility for the majority of the domestic chores, which can lead to feelings of frustration, inadequacy and stress in balancing the demands of family life and work (Mann and Lynn Holdsworth 2000). Studies suggest that mental and physical ill health in male office-workers could also be related to a loss of status**.** Overall, mental health deteriorated across the population during lockdown. However, the fall in mental health at the beginning of the lockdown was more pronounced amongst those who always, often or sometimes worked at home compared to those who never worked at home.

38. Monmouthshire Council reported a strong commitment to protecting the health and well-being of its workforce

39. NRW stated that the health & well-being of all employees is important. They pointed to the risk of overwhelming IT traffic and caution of the need to be mindful of the risk of over-inviting to Teams meetings because of its ease.

40. Senior Council managers' report some staff resistance to homeworking, particularly where home issues and distractions can cause difficulties. Some staff have asked to return to the office often to improve mental health, some miss the benefit of social interaction with work colleagues. They found that formal meetings are more intense virtually, get straight to the point with a lack of social 'chit chat.' Going forward the Council may need to review the impact of reducing social interaction on staff well-being.

    Senior managers also pointed to the importance of staff understanding that homeworking is subject to the exigencies of the service and arrangements will always need to be business driven.
    Staff well-being will become the domain of soft contact by middle managers on whom senior managers will depend.

Career progression

41. Research suggests that homeworkers are more likely to feel out of the loop, significantly impacting on longer term career prospects in the organisation. There is a risk of homeworkers becoming 'politically disadvantaged' and a suggestion that visibility, at a central location is critical for soundly based performance evaluations. Some homeworkers have concerns about the impact of professional isolation on their career prospects, fearing that they are not only 'out of sight', but also 'out of mind. Homeworkers have fewer behavioural opportunities to demonstrate high performance in a face-to-face, highly salient context. Fear that others view them as less committed and less loyal to the organisation and prioritising personal life over professional. Homeworkers are less likely to report having the ambition to advance in their careers, less likely to agree that having a career is important to their sense of identity. Insufficient evidence to establish whether over time homeworking contributes to lower levels of career ambition or whether employees with pre-existing low levels of career ambition have deliberately chosen homeworking arrangements. However, there is insufficient evidence to establish whether participation in full time homeworking contributes over time to lower levels of career

ambition or whether employees with pre-existing low levels of career ambition choose to work at home when that is on offer.

Research on the views of homeworkers on how professional isolation affects their career prospects shows they do not believe they miss out on activities and opportunities that could enhance their career and opportunities to be mentored. Most partial (60%) and full time (67%) homeworkers believe that working from home has no impact on their opportunity to advance in their careers. A much smaller proportion felt that their working arrangement had a negative impact on their career advancement opportunities. It was noted from qualitative evidence that homeworking employees proactively avoid any potential damaging effects of professional isolation. Additionally, managers can also set up various arrangements that can help mitigate professional isolation among homeworking staff.

42. NRW considers career progression is not a negative issue for hybrid/homeworking staff and, in fact, flexible working is more likely to be beneficial as performance assessment is based on outcomes.

43. Some Council senior managers report evidence of career progression whilst homeworking, in other work areas, such as technical/cleaning, there has been very little opportunity for structural movement.

Co-worker relationships

44. The literature review found research highlighting concerns that homeworking can have a detrimental on the quality of relationships amongst work colleagues. The spatial distance between homeworkers could translate into psychological distance. However more recent research evidence indicates that homeworking is unlikely to exert any negative effect on relationships with colleagues for individuals who partially

work at home ACAS (2013). For those who are exclusively homeworking there may be links to decreased quality of co-worker relationships.

Employees who work mostly from home have less frequent communications with their co-workers. The research found there was no negative impact on frequency of communication between partial homeworkers, these are best connected to their colleagues even with office-based staff. Research evidence however suggests that there are no links between type and amount of communication with isolation or job satisfaction experienced by homeworkers. As the number of communications increases, perceptions of job control, positive well-being and work-life facilitation decline, and work-to-life interference increases. The study found that the quality rather than the quantity of communication with others what is important to homeworkers.

The view that organisational culture will be weakened as homeworking becomes more prevalent has been refuted by research. This is largely dependent on the culture of the organisation. The evidence suggests that organisational cultures can easily be kept alive and well, even when there is reduced communication among employees. This is particularly true in jobs that have some degree of autonomy, where interdependence is very low and frequent communications with work colleagues may not be essential.

Social isolation

45. Social isolation was identified by full time homeworkers and partial homeworkers as one of the challenges of working from home. This is defined as the sense that one is out of touch with others in the workplace, both physically and in terms of communication Research evidence confirms that social isolation is experienced by employees who spend a minimum of 20% of their working time at home. However only a very small percentage of homeworkers reported that they frequently or very

44

frequently feel socially isolated. Furthermore, partial homeworkers appear to be the group less likely to experience social isolation compared to fulltime homeworkers.

The degree of social isolation experienced by homeworkers also varies. Partial homeworkers are less likely to miss the emotional support from co-workers and informal interaction with others compared with full time homeworkers. In terms informal interaction with others regarding work, fulltime (72%) homeworkers are more likely to report occasionally missing this type of informal interaction with others. In comparison a significantly lower proportion (40%) of partial homeworkers feel the same way. The evidence suggests that partial homeworkers appear be the homeworking category that experience lower levels of social isolation. Their working arrangement split their working time between home and office and allows them to communicate face-to-face more frequently with office-based colleagues and home-based colleagues.

To avoid feeling socially isolated, some full-time homeworkers and partial homeworkers take proactive measures to stay in contact with their work colleagues. Managers can also support and put arrangements in place to reduce social isolation amongst home workers and encourage social interaction amongst colleagues. The organisation should also consider the suitability of a given individual and their capacity for dealing with the social isolation associated with full time homeworking.

Practical Issues

Space/accommodation

46. Monmouthshire's Cabinet consider utilisation of the Council's asset base is important. The Chief Executive is located alongside all other senior team members. There is one Cabinet office that all Cabinet Members share.

This has been in place for the past 20 months and was a very smooth shift that has had no reported pitfalls.

The transition whilst there was no Monmouthshire HQ was particularly difficult for elected members, as they found they weren't seeing each other regularly, unless for formal meetings. The view was that networking opportunities were lost, and they missed informal conversations with colleagues in the member's lounge or with officers in person, as would have taken place in the previous office environment.

The new HQ provides depersonalised office space and has bookable meeting rooms for face-to-face meetings. Service areas are allocated office zones, but not personal desks. At first the clear desk policy was challenging for officers, who have now adapted to the change.

In 2013 the new office was gradually opened. Desks were allocated numbers and anyone planning to work at HQ was required to book a desk.

Monmouthshire's move to flexible working has therefore evolved in two phases, Medium and Longer Term. Following the initial move to *flexible* working the Council adopted a 50% desk: employee ratio. However, the current move to *hybrid* working is more likely to see a 20% desk: employee ratio. Monmouthshire has 2,300 employees (excluding schools) and is moving to 350-400 desks to accommodate approximately 20% of staff.

As Monmouthshire moves towards hybrid working the previous zones for service areas are being removed and the booking system for desks in work areas zoned by 'type' of work will be retained. Further work is underway to create more flexible workspaces, such as more space for informal conversations and meetings.

Monmouthshire's experience has led them to provide a generous supply of meeting rooms. It is also important to build flexibility into the office accommodation plans. Monmouthshire has considered the possibility that some Council accommodation may need to be lettable in the longer term.

In short, Monmouthshire report a key benefit of homeworking is the cost reduction in overheads associated with maintaining large and expensive buildings.

47. The NRW Space/accommodation Strategy entails a review of all NRW property/estate across Wales. A central motivating factor is carbon reduction. When the review is completed, decisions will be made about lease renewals, improvements, and refurbishment. Early calculations suggest that 50% less office space will be needed than previous working arrangements.

NRW has recently established 3 hybrid working sites across Wales. The offices have been stripped of personal belongings and set up for hot desking. Offices provide a range of working options, with sound pods, breakout areas, sofas, and team meeting areas. Visiting the office is to meet not to work alone. The status associated with office ownership has been removed. The only personal office is that of the Chief Executive. There is, however, a perception that Legal and HR services may find this approach to office space more challenging and may request rooms for confidential meetings. The nature of NRW services means operational teams often use outdoor hubs rather than offices.

New baselines have been established for office accommodation. Staff views have been sought on place-based decision making and NRW recognises the importance of staff acceptance and comfort within their environment. The ultimate question is does the homeworking arrangement work for NRW? Do systems hold up, for example arrangements for the security of technology and data.

NRW are encouraging less use of desk-based telephones, employees are trialling 'bring your own device'. The view is that desk phones are on the way out, all work calls are now made on the Microsoft Teams App and the 3 new trial NRW buildings across Wales will have no provision for desk phones. Desk phones are also seen as a Covid risk. A room and desk booking system is in place.

48. Senior Council managers' report that staff will be expected to be in the office on a *need only* basis, work need, mental need, physical need or if

the home working environment is unsuitable. Managers expect most staff to be home based 3.5/4 days and office based 1.5/1 day. This will reduce the office footprint, but its extent is yet to be measured.

Not all staff will have the option of homeworking. Some technical staff will have to be at base, and some services, such as Waste Management, need middle managers and supervisors to communicate with frontline staff who have no access to IT technology. This will require that they still come into the office and work on site.

Where employees have a challenging home environment it will be important that they have the option of office accommodation. If they opt to work from home, then the capability of holding virtual meetings is critical.

Trust

49. The literature review found various early research highlighting the potential for homeworking to damage the quality of the manager and subordinate relationship. Some managers fear reduced control over their subordinates, while employees fear isolation and information impoverishment. Research recommends that managers might have to change their strategies for monitoring employees from behaviour-based to output-based controls to effectively manage homeworking.

50. Monmouthshire's trust-based time-keeping approach has removed core hours altogether, staff are employed on a fully flexible basis, there is no clocking in or out.

51. Senior Council managers recognise that homeworking is trust -based. However, the Council still operates a system called DigiGov to monitor the hours worked by homeworking staff.

Managers' report that with home working the hours of work can elongate from 8.30am-9pm, and responses to e-mails can be delayed. This is particularly an issue for frontline services. As previously stated, hybrid working will need agreement between staff and management, to ensure business/office hours are covered.

Technology

52. The literature review confirmed the central role technology plays in ensuring successful homeworking. Technological issues experienced whilst homeworking have been associated with significantly higher levels of feeling isolated and reduced feelings of well-being. Homeworkers are significantly more affected when technological issues arise in their own environment without the immediate support of colleagues or alternative technology to rely on. The speed and reliability of internet and network connection, as well as readily accessible information and support on common technological issues are some of the most common problems encountered. Homeworking literature highlights the need for enhanced access to technology and support for homeworkers compared to office-based workers. Overall, research evidence has shown that homeworkers who receive adequate technological support are more satisfied with their working arrangements than those receiving insufficient levels of support.

53. Pre-pandemic all Monmouthshire Councillors had already embraced paperless meetings, which reduced printing and postage costs significantly. Some Councillors elected in 2017 were already proficient with technology. For staff the ability to work flexibly has improved as technology has improved. The council was therefore fully electronic pre-pandemic, staff and members having been given the best technological equipment to enable video meetings.

   Monmouthshire stressed that the key to successful homeworking is becoming paperless, fully electronic, training everyone on the technology to work in a virtual workplace and providing high quality equipment to underpin this.

54. Senior Council managers' report that Cardiff Council has mainly done well in the provision of technical support, with most staff very quickly supported with IT hardware and breakdown assistance. Several managers reported

49

there had been no problems, they were impressed with the service and all the signs were good that the Council could support homeworking effectively.

There was however a request for investment in new fully integrated mobile software that allows frontline staff to work directly from home without first reporting to a core office. It requires a business case for investment in software systems, which has proved to be difficult to demonstrate. For some services improvements to IT software would increase the percentage of staff given the option of homeworking.

Environmental Benefits

55. We heard from Monmouthshire there is a compelling environmental argument for the hybrid/homeworking approach. Staff feel they are reducing their carbon footprint through reduced travel. There is also a no printing /paperless approach which homeworking supports.

Recruitment

56. Monmouthshire reported fewer recruiting difficulties to homeworking posts, lower staff turnover and lower sickness levels. "*Flexible working is a real enabler, it offers a way of life, connecting autonomy with purpose*".

Experienced people are retained ~ work-life balance practices are evidenced to improve employee engagement; positively impacting upon sickness absence levels and borderline sickness and improving recruitment and retention. Time and money spend on recruitment and training is reduced.

57. Senior Council managers' report that homeworking is a new way of working that has become a recruitment benefit for most services. For some whereas pre-Covid there were no difficulties with recruitment, post-Covid, demand for cleaning and other on-site staff has increased, particularly in

schools. In services such as these managers consider vacancies, particularly temporary vacancies, are hard to recruit and the potential for flexible working has not helped with recruitment.

Other desk-based professional services have recruited 10-15 new people during the pandemic. Managers' report that staff retention is notably better with homeworking and a package offering work-life balance is attractive. Previously many Council staff were lost to organisations with a more flexible approach. Whilst the Council's financial benefits are not the highest, it is now considered a flexible employer. This view is consolidated by attendance at virtual recruitment fayres suggesting there is an appetite for hybrid working amongst job seekers.

Going forward, the Council will need to review the trends/profile of future recruits and whether its attractiveness as an employer has been impacted by hybrid working.

Training and Development

58. In Monmouthshire managers were trained in new management skills. In 2010/11 a development programme was rolled out, providing coaching training. Managers who still struggle continue to receive 1-to-1 support.

59. Currently the majority of Cardiff's staff training takes place online. Senior managers view is that HR circulates a lot of staff information and training opportunities online. Notably management training and support on health and safety guidance is exceptional. Some mandatory classroom-based training for the manual workforce has fallen behind. Managers highlighted that when a new member of the team is recruited the exchange of information is tough and needs to be planned for.

Senior managers highlighted several areas that require training and development courses, many of which could be offered by Cardiff Academy: IT skills to ensure staff are effective at online working from home; Management skills in performance management, staff development, coaching and mentoring training, improving the softer skills; How best to

induct new starters whilst hybrid-working. Such training is not presently mandatory but could become so if a culture change is seen as a priority that requires consistent application.

INQUIRY METHODOLOGY

60. The Policy Review and Performance Scrutiny Committee Home & Agile
    Working task group was charged by the full committee with researching
    the key issues for consideration and delivering a report for its
    consideration. This report uses the evidence gathered by the task group to
    make key findings and recommendations to the Cabinet of the Council in
    respect of Home & Agile Working. Evidence presented to the full
    committee in October 2021 update on the Council's Recovery and
    Renewal Programme has also informed the task groups work. The
    Committee's Principal Scrutiny Officer has worked closely with the Scrutiny
    Research function, identified appropriate witnesses, and taken a steer
    from members of the task group. The task group therefore received
    evidence from the following witnesses:

Internal Witnesses

Councillor Chris Weaver, Cabinet Member, Finance Modernisation &
Performance

Chris Lee, Director of Resources

Gareth Newell, Head of Performance & Partnerships

Donna Jones, Assistant Director, Estates

Senior Management fieldwork contributors

External Witnesses

Councillor Paul Pavia, Cabinet Member Education, Monmouthshire Council

Matthew Gatehouse, Head of Policy, Engagement & Improvement,
Monmouthshire Council

Hazel Illet, Senior Scrutiny Officer Monmouthshire Council

Victoria Rose-Piper, Head of Renewal, Natural Resources Wales

61. To commence its inquiry the task group commissioned desk-based
    research from the Principal Scrutiny Researcher, Gladys Hingco, and a
    fully referenced research report is attached at **Appendix 1** to this report to

53

inform policy development further. The Executive Summary findings of the report have been integrated into the evidence section of the final report.

62. Key messages from the research have been drawn to Member's attention, and informed questioning during evidence gathering of both internal and external witnesses. The key findings and recommendations are the unanimous view of the task group.

63. Details of all evidence considered by the task group and used in the preparation of this report are contained within a record of evidence that is available for inspection upon request.

LEGAL IMPLICATIONS

64. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. Any report with recommendations for decision that goes to Executive/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf 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 of 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

65. There are no direct financial implications arising from this report. However, financial implications may arise if and when the matters under review are implemented with or without any modifications.

-

54

POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE

Councillor David Walker
Chair

Councillor Rodney Berman

Councillor Bernie Bowen Thomson

Councillor Joe Boyle

Councillor Jane Henshaw

Councillor Ali Ahmed

Councillor Norma Mackie

Councillor Jayne Cowan

… Councillor Joel Williams

Page 65

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, including:

To scrutinise, monitor and review the effectiveness of the Council's systems of financial control and administration and use of human resources.

To assess the impact of partnerships with and resources and services provided by external organisations including the Welsh Government, joint local government services, Welsh Government Sponsored Public Bodies and quasi-departmental non-governmental bodies on the effectiveness of Council service delivery.

To report to an appropriate Cabinet or Council meeting on its findings and to make recommendations on measures which may enhance Council performance and service delivery in this area.

APPENDIX 1:

A Review of Research Evidence on the Impact of Homeworking

January 2022

DRAFT

Scrutiny Services, Cardiff County Council
County Hall, Atlantic Wharf, Cardiff CF10 4UW
Email: scrutinyviewpoints@cardiff.gov.uk

58

A Research Report for the
Policy Review and Performance Scrutiny Committee
Task and Finish Inquiry on Homeworking

A Review of Research Evidence on the Impact of Homeworking

March 2022

Cardiff Council

Table of Contents

1. Executive Summary

The Policy Review and Performance Scrutiny Committee is currently undertaking a Task and Finish (T&F) inquiry on homeworking to support the development of Cardiff Council's current policy and operational work in supporting homeworking arrangements for its staff members. The PRAP Committee Chair and T&F Members commissioned this review of literature on the impact of homeworking. This research specifically examined the pre-covid pandemic and the most recent evidence on the impact of homeworking on productivity and on the well-being of staff. More specifically, this research reviewed the evidence on the impact of homeworking on the following areas: individual and team performance, work-life balance, job satisfaction and attitudes, work relationships with peers and manager, social isolation, well-being, mental health, career aspiration and progression, access to technology and the role of managers is supporting homeworking arrangements. The literature that has been reviewed for this research have relied heavily on documents and publications including academic literature that are available on-line.

Increasing number of homeworkers

Prior to the Covid19 pandemic working at home was often promoted as part of the 'flexible working scheme' and was often an arrangement that was requested voluntarily from the employer. In 1981, only 1.5% of those in employment worked mainly from home and this was estimated to have increased up to 5.7% in the two months before the lockdown restrictions in March 2020. During that period that figures have been increasing gradually each year but still comprise a small percentage of those in employment. It was also estimated at that time only around 17.7% sometimes work from home and around seven out of ten (70.6%) reported that they worked either in their employer's premises or elsewhere.

Current evidence suggests that homeworking before the lockdown was more prevalent amongst those in higher skilled and professional and managerial occupations and in older age groups. Only around 10% of those with low level qualifications or in elementary occupations work from home. Younger people below the age of 30 were less likely to be doing work at home. On the other hand, older workers 30+ were more likely to either occasionally or always using their home as their place of work.

As a result of Covid 19 lockdown restrictions there was a dramatic increase in homeworking. The percentage of workers who reported that they mainly or exclusively worked form home rose from 5.7% of workers in January/February 2020 to 43.1% in April 2020. Although there was an increase in the numbers who worked from home across all occupational groups, the most dramatic increases were seen in those working as managers, professionals, associate professionals and administrative and secretarial staff.

Impact on productivity

The positive impact of homeworking on productivity has been well documented in many academic and practitioner research from the late 1990s and early 2000. Most of the people who engage in homeworking prior to the lock down were doing so by choice and voluntarily and have reported increase in their productivity. The data on productivity during that period were based on self-report data and it is possible that homeworkers may have been motivated to prove that the homeworking arrangement is not detrimental to productivity.

The more recent evidence (after 2010) on productivity using self-report data continue to support the view that homeworking has a positive impact on productivity. More rigorous research undertaken has not only relied on self-report data but have also used supervisor rated assessment to provide evidence that productivity of those working from home increased. The quantitative assessment has found that productivity increased significantly and at least in one case by as much as 13%.

Various reasons were cited in different research literature on the reasons for increase in productivity. Generally, this is attributed to an increase in work hours made possible by time saved from not commuting. The productivity gains can also arise from the lack of office-related distractions present in the home setting e.g. frequent phone calls or impromptu conversations with colleagues can be avoided. Another reason cited is work intensification. Individuals increase effort while working, putting in more discretionary effort taking fewer breaks and, in some cases, working longer hours when homeworking. It was suggested that workers are often grateful for the opportunity to WFH, and so exert greater effort, or workers who are motivated to prove that this alternative working arrangement is successful.

There is limited information on the effect that the widespread growth of enforced homeworking has had on productivity levels during the lockdown and recent research findings have differing results. Research conducted in the Netherlands reported that productivity has slightly decreased, however Canadian research reported the opposite.

The employee survey undertaken by CIPD in 2020 and by calculations made Felstead 2020 using Understanding Covid Society data found similar results. More than a third stated that homeworking did not have any effect on productivity. A lesser proportion (in both cases) stated that this has either increased or decreased productivity. The main reasons cited for the decrease in productivity include the following: having less work to do, having to provide care or home schooling, a lack of motivation/focus/concentration, limited access to workplace resources, less frequent interaction with colleagues, and changes to how work was carried out.

There is some evidence that team productivity can be affected to some degree by homeworking in cases where work involves a high degree of task interdependence. This can be true in cases where there are limited avenues for communication and coordination between team members. However,

evidence suggests that when homeworkers themselves proactively available to their colleagues, team performance can be enhanced.

Perceptions that homeworking can threaten knowledge transfer between homeworkers and office-based staff and potentially affect the quality of relationships among workers is quiet well documented in research. However, research evidence demonstrate that homeworking does not significantly affect the quality of information exchange between homeworkers and other organisational members. Instead, it was found that a key factor that affects team productivity is organisational attitude to homeworking. Team performance does not suffer in organisations where homeworking is regarded as a normative practice. The development of new processes, communication routines, schedules to accommodate homeworkers maximise the benefits that can be derived from homeworking and the work of the team.

Impact on work-life balance

Homeworkers acknowledge that their work can occasionally interfere with their personal lives, however research evidence have shown that they are also generally satisfied with their work-life balance. Individuals who work at home have been found to have lower their work-to-life conflict. This is particularly true for employees whose jobs allows them higher levels of job autonomy and scheduling flexibility. These lower levels of work-to-life conflict generally leads to higher job satisfaction, reduced intentions to leave the organisation, and decreased levels of job-related stress for homeworkers. It must be noted that the ability to effectively manage and balance work and home commitments could be affected by gender and caring responsibilities. Research evidence have shown that those individuals with heavier caregiving responsibilities for children or adult may experience higher levels of work-to-life and life-to-work conflict.

To effectively deal with work-to-life and life-to-work conflict, it has been documented that homeworker deliberately develop specific boundaries between their work and their personal lives. Many homeworkers develop

spatial and temporal boundaries between work and home life. These include restricting family members' access to home-based workspace, dressing for the office even when working at home, taking breaks at specified times in order to replicate the timekeeping and physical sensations. Employers can further support employees in maintaining work home boundaries by make arrangements to help employees feel connected closely to the organisation via communication and peer relationships. Another critical element that can helping maintaining boundaries is ensuring that the home environment is adequately set up for work. However, it must be recognised that some employees may not have sufficient space in their homes to have a separate space for work-activities and materials.

Impact on job satisfaction

Research evidence suggest that those who participate in homeworking arrangements have increased employee job satisfaction, compared to their office-based counterpart. This stems from perceptions and feelings of autonomy. Homeworkers are likely to feel greater freedom and discretion over how and when they perform their work tasks. This gives the feeling of "less control from management, less judgements and interference from co-workers".

There is variable evidence on what levels of homeworking promotes or results in increased job satisfaction. It has been noted that 'high-intensity' homeworkers (those who worked at home three days or more per week) reported higher levels of job satisfaction than office-based staff. However, the positive relationship between homeworking and job satisfaction appear to diminish when homeworking approaches 20 hours per week. Research evidence have shown that this does not apply for those who undertake independent instead of interdependent work. Their job satisfaction levels remain high and not linked to the number of hours worked at home.

Higher job autonomy among homeworkers is also associated with more positive attitudes towards their employers and frequently translates into

greater commitment to the employing organization. Employees feel loyal to their employer for accommodating their working arrangements. However, research evidence has shown that the level of organisational commitment appears to be dependent on the degree of homeworking performed. Partial homeworkers showed significant increases in organisational commitment compared to an office-based workers. Whereas the levels of commitment of those employees who worked exclusively at home were no different to those of the office-based staff. Other reports have shown that home working has helped to retain employees who may otherwise have left the employer if such arrangement has not been made available to them.

Impact on co-worker relationships

Research have highlighted concerns that homeworking can have a detrimental on the quality of relationships that homeworkers have with their colleagues. The spatial distance that homeworkers have from others could translates into psychological distance. And for homeworkers this could mean "out of sight, out of mind". However more recent research evidence cited in ACAS (2013) indicates that homeworking is unlikely to exert any negative effect on their relationships with colleagues for individuals who work at home for only part of their working week. However, for those who work exclusively homeworking may be linked to decreased quality of co-worker relationships.

Communication

Employees who work mostly at or from home have less frequent communications with their co-workers. The research evidence however suggests that there are no links between type and amount of communication with isolation or job satisfaction experienced by homeworkers. As the number of communications increases, perceptions of job control, positive well-being and work-life facilitation decline, and work-to-life interference increases. The study found that the quality rather than the quantity of communication with others that is important to homeworkers.

The view that organisational culture will be weakened as homeworking becomes more prevalent has been refuted by research. This largely dependent on the organisation. The evidence suggests that organisational cultures can easily be kept alive and well, even when there is reduced constant communication among employees. This is particularly true in jobs that have some degree of the autonomy, where interdependence is very low and frequent communications with work colleagues may not be essential.

Impact on social isolation

Social isolation was identified by full time homeworkers and partial homeworkers as one of the challenges of working from home. This is defined as the sense that one is out of touch with others in the workplace, both physically and in terms of communication Research evidence confirms that social isolation is experienced by employees who spend at least minimum of 20 per cent of their working time at home. However only a very small percentage of homeworkers reported that they frequently or very frequently feel socially isolated. Furthermore, partial homeworkers appear to be the group that is less likely to experience social isolation compared to fulltime homeworkers.

The degree of social isolation experienced by the different of homeworkers also vary. Partial homeworkers are less likely to miss the emotional support from co-workers and informal interaction with others compared with full time homeworking employees. In terms informal interaction with others regarding work, fulltime (72%) homeworkers are more likely to report occasionally missing this type of informal interaction with others. In comparison a significantly lower proportion (40%) of partial homeworkers feel the same way. The evidence suggests that partial homeworkers appear be the homeworking category that experience lower levels of social isolation. Their working arrangement split their working time between home and office and allows them to communicate face-to-face more frequently with office-based colleagues and home-based colleagues.

To avoid feeling socially isolated, some full-time homeworkers and partial homeworkers take proactive measures to stay in contact with their work colleagues. Managers can also support and put arrangements in place to reduce social isolation amongst home workers and encourage social interaction amongst colleagues. The organisation should also consider the suitability of a given individual for dealing with the social isolation associated with homeworking.

Impact of worker and manager relationship

Various early research (undertaken during the early 2000) highlighted the potential for homeworking to degrade the quality of manager and subordinate relationship. Some managers fear reduced control over their subordinates, while employees fear isolation and information impoverishment. It is recommended that managers might have to change their strategies for monitoring employees from behaviour-based to output-based controls to effectively manage homeworking. Managers who are unwilling to or who lack the training to change their management and control styles, are likely to experience a deterioration in the depth and vitality of their connection with their homeworking subordinates. It is suggested that managers should also put arrangements in place to stay in close contact with homeworkers. This contact should emphasise information-sharing rather than close monitoring of work processes.

Impact on well-being

The positive impact of homeworking on employee well-being is well documented. Various research literature confirm that homeworking is associated with significantly lower levels of work-related stress than those experienced by office-based staff. In particular, the stress associated with control over the work environment and work schedules is reduced amongst homeworkers. In terms of minimising of stress and improving well-being the research evidence show that moderate levels of homeworking i.e., at least 3 days a week yields the best outcomes for employees.

In terms of positive measures of employee's emotional well-being, a substantial proportion of (51.9%) partial homeworkers are more likely to feeling content compared to full time homeworkers and office-based workers. The available evidence also show that significantly low proportion of homeworkers confirm that their working arrangement has negatively impacted their well-being.

Although work intensification can be an issue amongst homeworkers, research evidence has shown that homeworking professionals did not experience negative outcomes from work intensification. The individual's choice, or autonomy in extending the working day and in intensifying work effort may serve to counteract any potentially stressful effects of longer work hours. Furthermore, an examination of how 'burnout' affects the well-being of home working employees have shown that show that those employees who are predominantly home-based tend to report some degree of work burnout. There is a significantly higher percentage of full-time homeworkers and office workers who report some degree of work burnout compared to partial homeworkers.

Other issues that affect the homeworker's well-being such as 'presenteeism' i.e., working while sick or in 'absenteeism' i.e., frequent or habitual absence from work have also been noted in research literature, however there is little evidence to what extent these can affect homeworkers well-being.

Impact on mental health

There is limited research available on the specific impact of homeworking on the mental health of employees. The available evidence from early research have shown that a greater percentage of teleworkers (homeworkers) compared to office-workers experience negative emotions of loneliness, irritability, worry, resentment and guilt, frustration. It was noted that the experience of loneliness amongst teleworkers (homeworkers) was particularly evident but was not experienced at all by the office-workers. The feeling of

stress was the only negative emotion, wherein more office-workers have reported experiencing than homeworkers. Research evidence have also shown that female home workers are likely to experience higher levels of mental and physical ill health than male homeworkers. Working women are required to cope with job-related demands which affect their role in the family thus resulting in increased levels of work-family conflict. Furthermore, male homeworkers experience more emotional ill health and experience of physical symptoms of stress than male office-workers. This is more likely to be true for those who take on the dual responsibilities of work and home life. This can also arise a perceived loss of status arising from being invisible to company members and its effect on their social position.

Recent research has noted that sudden and dramatic movement of work into the home due to Covid lockdown restrictions had a significant effect on employee's mental well-being. The evidence has shown that this has taken a toll on the mental health those all who worked at home in the three months of lockdown. This effect was even more pronounced especially for those employees who have always or often worked at home.

Impact on career aspirations and progression

Homeworkers' concerns that working away from a central location could hamper their career prospects has also been documented. These concerns are based on the belief that working arrangements limits opportunities for them to demonstrate high performance in a face-to-face and in highly salient context. They are also concerned that others might view them as less committed and less loyal to the organization and prioritizing personal life over professional obligations.

More recent research evidence is available on how homeworking affects the employee's aspirations and options for career progression. Partial homeworkers are more likely to be ambitious i.e., feel that career is important to identity (83%), have the ambition (67%), and have the ability (87%) to advance their careers. In comparison, full time homeworkers are less likely to

have the ambition and the willingness to advance in their careers (30%) and to state that having a career is important to their sense of identity (61%). Homeworking employees who work mostly from home were more likely to feel that their career is not a priority in their life. The most important things in their lives and the areas that they derive most satisfaction from come from their life outside work. However, there is insufficient evidence to establish whether participation in full time homeworking contributes over time to lower levels of career ambition or whether employees with pre-existing low levels of career ambition.

Impact on professional isolation

Professional isolation is defined as the experience of remoteness from the ongoing activities in the workplace. The views of homeworkers on how professional isolation affects their career prospects have also been noted in research literature. Research evidence have shown that homeworking employees do not believe that do not miss out on activities and opportunities that that could enhance their career and opportunities to be mentored. Most partial (60%) and full time (67%) homeworkers believe that working from home has no impact on their opportunity to advance in their careers. A much smaller proportion felt that their working arrangement had a negative impact on their career advancement opportunities. It was noted from qualitative evidence that homeworking employees make proactive efforts avoid any potential damaging effects of professional isolation. Additionally, managers can also set up various arrangements that to help professional isolation among homeworking staff.

Role of managers in supporting homeworking

Managers have a key role in making homeworking a success and in creating successful homeworking environment. Research evidence have shown that a substantial proportion of managers (40%) confirmed that managing homeworkers is more difficult than managing office-based staff. It is recommended that managers must relinquish traditional notions of how best

to manage performance and adopt new ways of motivating and monitoring their staff. It is important that management exhibit some degree of trust in employees and adopt of output-based controls to assess performance instead of assessing performance based on the employee's observable actions. Managers must also stay in close contact with homeworkers, but that this contact should emphasise information-sharing rather than close monitoring of work processes. In having this approach managers are able to support staff in achieving lower work-to-life conflict, better performance, and higher rates of helping their co-workers. Furthermore, specific manager training is also recommended in homeworking literature.

Impact of technology on homeworking

Research evidence confirm the central role technology has in ensuring success of homeworking. Technological issues experienced whilst homeworking been associated with significantly higher levels of isolation and negative measures of well-being. Homeworkers are significantly more affected when technological issues arise as they are in their own environment without the immediate support of other colleagues or alternative technology to rely on. The speed and reliability of internet and network as well as readily accessible information and support on common technological issues that arise whilst homeworking are some of the most common issues encountered. Homeworking literature highlighted the need for enhanced access to technology and support for homeworkers compared to office-based workers. Overall research evidence has shown that homeworkers who receive adequate technological support are more satisfied with their working arrangements than those receiving insufficient levels of support.

Future of homeworking

It is predicted that the current pandemic its associated social distancing measures will have a long-term impact on working arrangements. It is likely that there will be higher levels of homeworking in the future. Recent research evidence has shown that as many as nine out of ten (88.2%) of employees who worked at home during the lockdown would like to continue working at home in some capacity.

2. Introduction

The Policy Review and Performance Scrutiny Committee is currently undertaking a Task and Finish (T&F) inquiry on homeworking to support the development of Cardiff Council's current policy and operational work in supporting homeworking arrangements for its staff members. The PRAP Committee Chair and T&F Members commissioned this review of literature on the impact of homeworking.

This research specifically examined the pre-covid pandemic and the most recent evidence on the impact of homeworking on productivity and on the well-being of staff. More specifically, this research reviewed the evidence on the impact of homeworking on the following areas: individual and team performance, work-life balance, job satisfaction and attitudes, work relationships with peers and manager, social isolation, well-being, mental health, career aspiration and progression, access to technology and the role of managers is supporting homeworking arrangements. The literature that has been reviewed for this research have relied heavily on documents and publications including academic literature that are available on-line.

3. Background of homeworking in UK

'Homeworking' is defined as "an arrangement in which employees perform their usual job-related tasks at home rather than in a central workplace and do so for a regular portion of their work schedule, using electronic media to communicate with others both inside and outside the organisation (ACAS, 2013.

Working from home is not a recent phenomenon. There has been a long and documented history of this type of working arrangement in the UK. This type of working arrangement was documented from as early as the sixteenth century, wherein the wool industry relied upon homeworkers. During the seventeenth and eighteenth centuries, the manufacture of cutlery around Sheffield and the production of nails and chain in the West Midland depended heavily on the "domestic system" of working from home. However much of that type of homeworking disappeared following the Industrial Revolution and the growth of factories. In current times, home working in the manufacturing sector continues to be a significant force with up to a million homeworkers primarily working for the clothing industry in the UK.

3.1. Homeworking before the Covid 19 pandemic

Before the Covid19 pandemic working at home was often promoted as part of the flexible working" scheme. This was promoted as a way of readjusting work-life balance and raising job-related well-being. This was also based on a conscious decision made by organisations to offer greater flexibility to their employees as well as cost savings on office related overheads. More often this was a voluntary arrangement requested by employees. In recent years the growth homeworking has been largely facilitated by changes in technology that enables the workforce to connect remotely to the workplace.

The CIPD (2020) report and the research report by Felstead (2020) provided the most recent evidence on the significant increase in the number of people who have worked mainly from home.

The Labour Force Survey in 1981 was cited in showing that only 1.5 % of those in employment worked mainly from home. It was noted that the increase in the number of individuals working from home over the years has been gradual rather than dramatic (see Figure 1). By 2019, the number of individuals who work mainly from home has at least tripled. Although the figures have been increasing, these still comprise a relatively small percentage of employees.

Figure 1: Home as the main place of work is on the rise (%) (proportion of jobs worked mainly from home, 1999–2019)
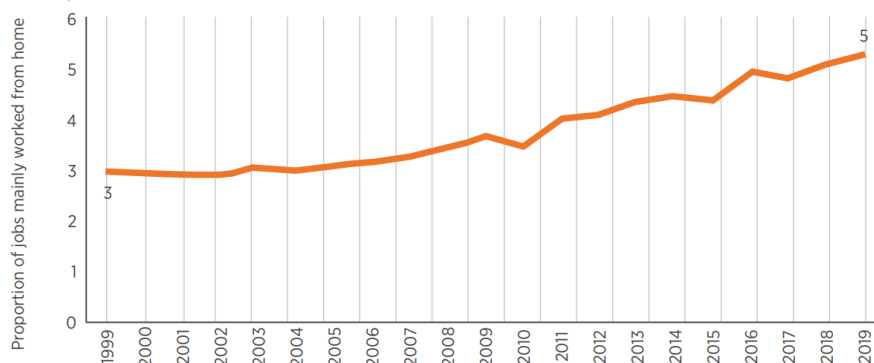
Source: *Labour Force Survey*, April–June 1999–2019[2]

Using the Labour Force survey figures, Felstead (2020), cited that **in** 2019, one in twenty (4.7%) of those employed, worked mainly at home. In comparison Felstead's calculations using data from Understanding Society COVID 19 study found that in January/February 2020 – well before the lockdown March 2020 – 5.7% of the employed population were exclusively working at home. This figure is one percentage point higher than those cited in the 2019 Labour Force Survey (LFS). It was suggested that difference in figures could be due to the differences in the questions and response scales

used in the two data sets. It must also be noted that the figures cited above do not include those individuals who occasionally work from home.

Before the lockdown only a small proportion of employees confirm that they occasionally work from home. Felstead's (2020) own calculations estimated that 17.7% sometimes worked from home. Around seven out of ten (70.6%) reported that they did not work at home which suggests that they were either doing work at an employer's/client's premises and/or doing work elsewhere.

Figure 2: Use of the Home as a Workplace, January/February 2020
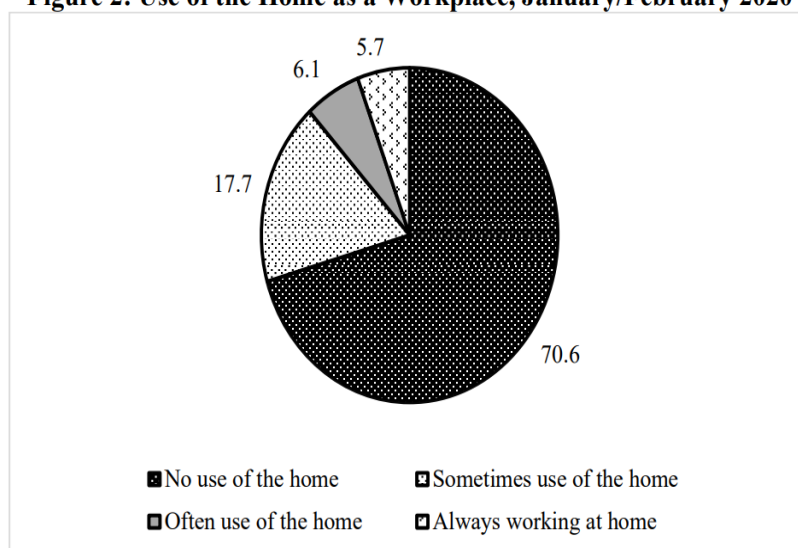
Source: own calculations of the Understanding Society Covid-19 Study, waves 1, 2 and 3, see Table A1.

3.2. Characteristics of people working from home

The evidence cited in CIPD's (2020) and Felstead's (2020) reports have shown that homeworking before the lockdown was more prevalent among those in higher skilled and professional and managerial occupations.

Figure 4: Homeworking is most prevalent in high-skilled professional and managerial occupations (%)
(proportion of all workers who mainly or occasionally worked from home in their main job, by occupational group, April–June 2014)

The highest rates of homeworking occur in managerial and professional occupations. These are generally high-skill and high-pay roles.

Source: *Labour Force Survey* 2014[9]

Many of those who either mainly or occasionally home working are senior officials, directors or managers, in the information and communication sector, in professional, scientific and technical occupations or in work educational establishments.

According to Felstead (2020), before the lockdown, nearly nine out of ten workers (89%) with no qualifications and just over half (51%) of graduates were not making use of the home for as the workplace. He also found that a similar pattern existed between occupation and work location. Only 1 out of 10 of those working in elementary occupations such as office cleaners, freight handlers, garden labourers work from home. Whereas those in managerial positions (50.8%) confirm make use of the home as a workplace.

Page 89

Figure 3: Older workers are more likely to work exclusively from home, whereas occasional homeworking peaks in middle age (%) (proportion of all workers who mainly or occasionally worked from home in their main job, by age group, April–June 2014)

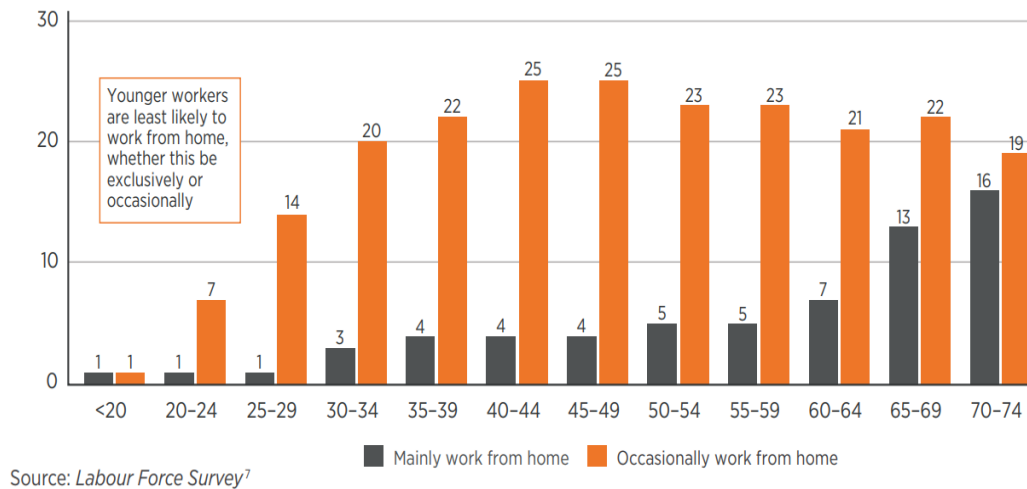Younger workers are least likely to work from home, whether this be exclusively or occasionally

Mainly work from home   Occasionally work from home

Source: *Labour Force Survey*[7]

The results of the CIPD's (2020) research noted a striking relationship between age and working from home. More specifically the percentage of those working mainly from home rises with age. In comparison the percentage of those occasionally working from home peaks at middle age. The data also show that younger workers, particularly those below the age of 30 are least likely to mainly or occasionally work from home.

Felstead (2020) stated that the Understanding Society Covid-19 Study found similar results. Immediately before the lockdown younger people were less likely to be doing work at home. In comparison, older workers were more likely to be always using their home as their place of work. Around one in ten (9.3%) of those 60-75 years old reporting that they did all of their work at home compared to 2.7% of those aged 16-29.

3.3. Homeworking during COVID 19 pandemic

As a result of Covid 19 lockdown restrictions and promotion of working at home as part of the 'stay home' message, there was a dramatic increase in homeworking. Felstead's (2020) calculations show an eight-fold rise in the percentage of workers who reported that they mainly worked form home. The

proportion of those worked exclusively or mainly at home rose from 5.7% of workers in January/February 2020 to 43.1% in April 2020. The figures remained high until June 2020. The surge in homeworking triggered by the lockdown in the UK was concentrated amongst those who are higher paid, better qualified and the higher skilled.

Figure 8: Exclusive Use of the Home as a Workplace, Before and During Lockdown by Occupation
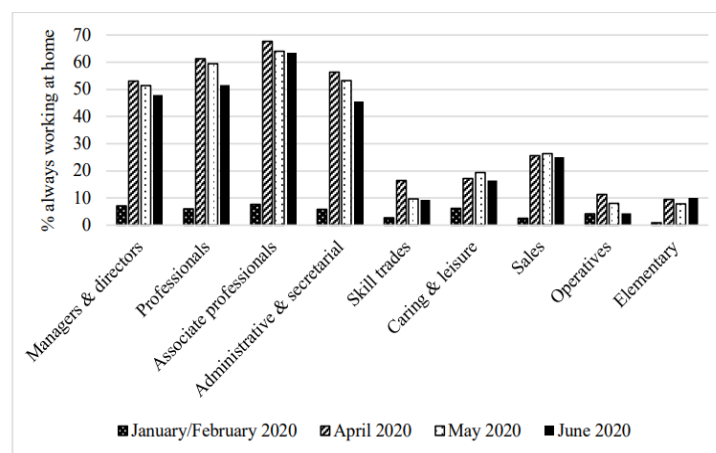
Source: own calculations of the Understanding Society Covid-19 Study, waves 1, 2 and 3, see Tables A1, A2a, A2b and A2c.

The proportion of employees who worked from home increased across all occupational groups during lockdown (see chart above). The chart also illustrates that there is dramatic increase in homeworking in certain occupational groups. According to Felstead (2020) during the first two months of lockdown, the majority of those working as managers, professionals, associate professionals (e.g., computer assistants, buyers and estate agents), and administrative and secretarial staff (e.g., personal assistants, office clerks and bookkeepers) stated that they did all of their work at home. In contrast, the increase in the number of those who are homeworking in occupations that require no, or low-level qualifications is significantly lower. For this group of workers, their workplace would have remained the same regardless of the lockdown.

The succeeding sections of this report will identify highlight some of the opportunities and issues that Cardiff Council would need to consider in developing its homeworking policies and processes.

4. Impact on individual productivity

4.1. Increase in productivity based on self-report data

Prior to the lockdown restrictions, the impact of homeworking on productivity has been quite well documented both in academic and practitioner research. The work of Sandi Mann and Lynn Holdsworth (2000) and Gajendran and Harrison (2007) cited various reasons for this advantage in performance. The increase in productivity was attributed mainly to doing tasks remotely also means fewer disruptions while working; increased work hours made possible by time saved from not commuting. It was also noted that homeworking provides individuals the opportunity to tailor or modify the work environment to better match how and when they do their work most effectively i.e., flexible work scheduling. Furthermore, it was cited that most people engage in telework or homeworking by choice and would tend to be more motivated to prove that this alternative mode of work is successful. It is important however to note that most of the accounts and data cited on the positive impacts of homeworking on productivity were based on self-report data.

More recent evidence on productivity relating to homeworking has been noted in the ACAS (2013) report. The first one was a study of IBM's alternative workplace programme where 87% of employees in the programme reported their productivity and effectiveness have increased significantly since they began to work from home. The second one was a UK study of homeworkers, where 75% of those interviewed declared themselves to be more or much more effective when working at home than when working in the office.

4.2. Productivity based on manager's performance assessment

The concerns over the self-reported data on increased productivity in homeworking has been largely refuted by the result several rigorous research presented below:

In the US, the longitudinal study Butler et. Al. (2007) of call centre workers made use of supervisor rated performance. The research found that over a five-year period, the homeworkers' productivity increased by 154%, whereas the office-based staff's productivity fell by 13%.

In an attempt to assess staff productivity beyond self-reports of performance, the ACAS (2013) research also made use of supervisor ratings to assess and compare productivity of homeworkers vs office-based staff. The results of the research found that the average performance is slightly higher for mobile and partial homeworkers.

The most recent and rigorous study that has been undertaken to evidence increase in productivity from homeworking was the work undertaken by Bloom et. Al. (2015) as cited in the CIPD report (2020) and in Felstead 2020. The findings of this study was a result of a 9-month randomised controlled. The results found a highly significant increase in productivity of 13% amongst homeworkers.

4.3. Reasons for increased productivity

Early and recent research attributed increase in productivity to increased work hours made possible by time saved from not commuting (in Gajendran and Harrison (2007) and ACAS (2013). The ACAS (2013) research provided further evidence on the increases in number of hours worked amongst those who are working from home some or all of their contracted hours. The quantitative survey involving 515 staff compared hours worked vs contracted hours provided evidence to support this. Homeworkers, partial homeworkers

and mobile workers were significantly more likely to work in excess of their contracted hours than their office-based colleagues. Mobile workers on average worked more than 4 hours extra per week whilst partial home workers on the average worked >2 extra hours per week.

Figure 1: Average difference between 'How many hours per week are you contracted to work by Acas?' and 'On average, how many hours per week do you typically spend working?'
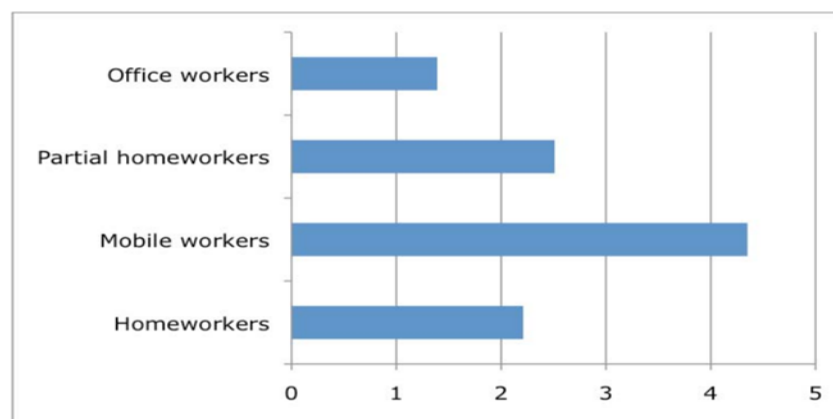
(Base: N=508, Employee survey respondents

However, it must be noted that longer working hours should not be conflated with increase in productivity or increase in the actual amount of work and outputs produced.

With homeworking individuals have opportunity to tailor or modify the work environment to better match how and when they do their work most effectively. According to the ACAS 2013 report working from home can mean fewer disruptions. The productivity gains stem from the lack of office-related distractions in the home setting e.g. frequent phone calls or impromptu conversations with colleagues can be avoided. Furthermore, the evidence from their qualitative study, found that this is particularly true for employees working on tasks that require extended periods of concentration such as writing documents and analysing large volumes of data were identified as tasks. These tasks appear to have benefited the most from being performed at home rather than at the office. Similarly, the evidence from the follow-up

Page 94

interviews the home workers in Bloom's (2015) study explained their increased productivity workers was made possible by the greater convenience of being at home (e.g., the ease of making a tea or coffee, or using the toilet), and the relative quietness of the home environment.

According to CIPD 2020, this increase in productivity amongst homeworkers are can often be attributed to work intensification which is regarded as a commonly reported side effect of WFH. Individuals often increase effort while working, putting in more discretionary effort (beyond job expectations), taking fewer breaks and in some cases working longer hours when homeworking. An explanation provided for this, is that workers are grateful for the opportunity to WFH, and so exert greater effort, although this effect may decline over time. As previously noted prior to the lockdown restrictions, homeworking was by choice/voluntary, and individuals could be more motivated to prove that this alternative mode of work is successful (ACAS 2013). With this evidence, CIPD (2020) recommends that employers who implement homeworking will need to manage the long-term effects of such behavioural changes i.e., work intensification, and particularly their impact on workers' wellbeing and work–life balance

4.4. Productivity during Covid 19 lockdown

According to Felstead (2020) there is limited information on the impact of widespread growth of enforced homeworking on productivity levels during the lockdown. Some of the research he cited had contrasting results. The research he cited based on an online survey of workers in the Netherlands found that respondents were 'slightly less productive' working at home during lockdown than they were before restrictions were introduced. In contrast the Canadian research he cited found that a third of respondents reported that their productivity had increased since having to work at home.

The CIPD survey (2020) of 1,046 employers also show that, overall, employers believe people working from home are as productive as other

workers. More than a third (37%) of employers did not believe that homeworking has any effect on productivity. A smaller proportion (28%) of employers believing the increase in homeworking has increased productivity or efficiency while 28% of organisations that report the opposite effect.

The work by Felstead (2020) using the data form 'Understanding Covid 19 study found similar results as the above. Please see chart below:

Figure 16: Productivity Effects of Homeworking in Lockdown, Employees, June 2020
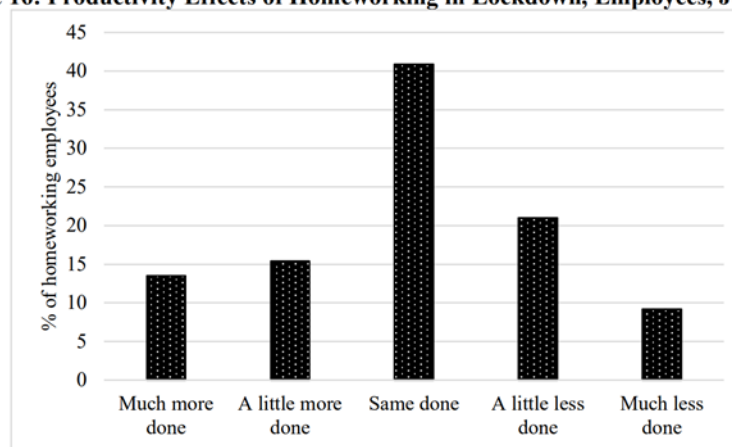
Source: own calculations of the Understanding Society Covid-19 Study, wave 3, see Table A8b.

The chart above shows that homeworking during the lockdown did not appear to have had a significant effect on productivity levels. As many as 41% - of homeworking employees reported that they have been as productive. A smaller proportion have been more productive (in total 29%) while 30% have been less productive.

Respondents to the Understanding Society Covid-19 Survey who reported a fall in productivity while working at home identified various reasons. Three out of ten employees (28.6%) said that they had less work to do, and a similar proportion (26.8%) said that they had to provide care/home schooling. A fifth (20.1%) identified other reasons, these included a lack of motivation/focus/concentration, limited access to workplace resources, less frequent interaction with colleagues, and changes to how work was carried out because of Covid-19

5. Impact on team performance

The concerns of managers and co-workers on the impact of homeworking arrangements has also been documented in the ACAS (2013) research. These concerns are based on the perception that teamwork will suffer when one or more team members is not office-based. The report found that team productivity can be affected to some degree by homeworking in cases where teamwork involves a high degree of task interdependence. Work tasks involving higher levels interdependence were associated with lower productivity among homeworkers. This was seen to be particularly true in cases where there are limited avenues for communication and coordination between team members. However, there was also evidence which indicates that when workers with reduced 'face time' make themselves proactively available to their colleagues, team performance can be enhanced.

5.1. Professional interaction/knowledge transfer

Academic research by Taskin and Bridoux (2010) as cited in the ACAS 2013 highlighted that homeworking can have an impact on organisational knowledge base. This can threaten knowledge transfer between homeworkers and office-based staff and potentially affect the quality of relationships among workers and between workers and supervisors. The same report also found that some homeworkers have the perception that reduced communication with colleagues can results in reduced information acquisition.

However, the report by Fonner & Roloff (2010) in ACAS (2013) provides specific evidence to demonstrate that homeworking does not significantly affect the quality of information exchange with other organisational members. Their research involved of 192 office-based workers and 'high-intensity' homeworkers who worked at home for at least 3 days per week. The research confirmed that homeworkers have significantly less frequency of

information exchange with their colleagues compared with the levels communication amongst office-based staff. However, their research findings also found that homeworking might not necessarily have a detrimental effect on knowledge transfer.

5.2. Organisational attitudes to homeworking and its impact on teamwork

Organisational attitude to homeworking is one of the key factors that have an effect on team performance. The research by Gajendran and Harrison (2007) have found that in organisations that view homeworking as an idiosyncratic matter and not an accepted norm, homeworkers may be compelled to conform to existing practices adopted by other team members that are office based. Homeworkers may be obliged to synchronise their work schedules with their office-based colleagues, or to work longer hours or put in extra effort in order to overcome perceptions from their colleagues that they may not be as committed to the job as office-based staff. These homeworkers may also experience a greater sense of psychological remoteness from their team members, because they are absent from formal and informal interactions within the team.

In organisations however where homeworking is regarded as a normative practice, teams are generally required to develop new processes, and will have created team communication routines, schedules, and ways of working that will not only accommodate homeworkers but actively maximise the benefits to be had from the autonomous nature of homeworking. In this scenario, homeworking will benefit team performance and homeworkers are more likely to feel like legitimate, valued members of the team.

In ACAS, homeworking has been accepted as a normative practice for several years and schedules, communications and technology have developed to support this practice. The qualitative evidence from the staff

research on this subject area have found that there were few concerns relating to the impact of homeworking on team performance.

6. Managing work-life balance

Many organisations offer homeworking and flexible working options to support its workers with achieving work-life balance. When working from home, the employee has to manage and deal with whole range of work life conflict. These are work activities that can contribute to conflict with home activities and home activities can contribute to conflict with work.

The results of the ACAS (2013) survey of 454 professional level employees found that full time homeworkers, partial homeworkers, mobile workers were generally satisfied with their work-life balance even when they acknowledge that their work can interfere with their personal lives and vice versa. The survey found that of those who divided their work time between an office and home, and the more often individuals work at home, the lower their work-to-life conflict. This is particularly true for employees reporting whose jobs allows them higher levels of job autonomy and scheduling flexibility.

6.1. Lower work to life conflict than life to work conflict

The evidence from the ACAS (2013) qualitative research further helps to explain why homeworking has such beneficial effects on work-to-life conflict. Homeworking saves employees time, because it reduces or eliminates commuting time that cannot be used for work, family, or leisure activities. It also allows employees to arrange their work tasks or determine task completion in such a way as to accommodate their family or other non-work commitments. Their interviews with 47 dual-earner couples with children found that many of the participants chose to work at times when their children would be busy with other activities or already asleep for the evening. By doing so, participants could complete greater amounts of work without having

job-related obligations interfere with their family time. This has knock-on effects on family relationships. Furthermore, the lower levels of work-to-life conflict experienced by homeworkers generally leads to higher job satisfaction, reduced intentions to leave the organisation, and decreased levels of job-related stress for homeworkers.

6.2. Impact on those with caring responsibilities

The individual's ability to effectively manage and balance work and home commitments could be affected by their gender and caring responsibilities. The ACAS (2013) report cited the work of Bibby (1999) which had noted that female workers are especially vulnerable to work life conflict as they often have to cope with job related demands which affect their role in the family. Women are often expected to combine other roles when they work from home more than men do. Women are more likely to be expected to fit domestic responsibilities when working from home more so than men are. The work life conflict and stress can potentially increase for homeworkers with caring responsibilities. Those individuals with heavier caregiving responsibilities for children or adult may experience higher levels of work-to-life and life-to-work conflict. These responsibilities intrude upon work activities more easily when the workplace is also the family home.

6.3. Maintaining work-life boundaries

One of the key challenges that homeworking employees have is maintaining clear boundaries between work and non-work domains. The separation between home and work that exist for office-based workers do not arise as naturally for homeworkers. Homeworking makes it easier for one domain to intrude upon the other.

The evidence has shown that men who worked at home more than one day a week reported having more trouble enjoying their personal and leisure time,

as they found it difficult to stop thinking about work. (This effect was not found for women.) The homeworkers in the ACAS qualitative study expressed similar sentiments.

Boundary management tactics

Mann and Holdsworth (2000) research report provided evidence on how many homeworkers deliberately develop specific boundaries between their work and their personal lives in an effort to avoid 'blurring' between the two. Many attempt to develop spatial and temporal boundaries between work and home life. For example, this can involve family member's restricting access to home-based workspace, dressing for the office even when working at home, taking breaks at specified times in order to replicate the timekeeping and physical sensations normally experienced in an office setting. However, maintaining the separation between the two roles when working from home could be a challenge the homeworkers and also for family members.

To support employees in maintaining boundaries it was suggested that employers should make arrangements to help employees feel connected closely to the organisation via communication and peer relationships. Their research found that those who work more frequently from home and are more connected with their colleagues tend to believe that they have the less life-to-work conflict, compared to those who were primarily office-based and worked at home only one or two days per week. These connection manifest in terms of strong social bonds, frequent information exchange between employees.

Another critical element that helps homeworkers in maintaining boundaries is ensuring that the home environment is adequately set up for work. Having a separate room for a home office is perceived by homeworkers as essential in enabling them to establish a boundary between work and home, with the physical separation appearing to contribute to a psychological one. However, it needs to be recognised that some employees may not be as fortunate to have a separate space for work-related activities materials.

The qualitative study by ACAS (2013) further highlights various other tactics that employees use to establish a boundary between work and home. These can involve having separate phonelines for work and personal purposes or setting personal rules about answering emails and phone calls after regular working hours, including turning off the ringer to their home office phones. Some turn off the computer completely rather than just logging off workers while others sated that they keep computers used for work purposes out of sight of the main 'family' areas of the home. The role of the homeworker's self-discipline in not allowing work to encroach upon personal time has also been noted as crucial in maintaining a clear boundary between work and home.

7. Impact on job satisfaction and attitudes

The ACAS (2013) research have shown that homeworking has a positive impact on job satisfaction. Those who participate in homeworking arrangements reported increased employee job satisfaction compared to their office-based counterparts. These results were consistent with the other homeworking research literature. Their employee survey found that office workers were significantly less satisfied with their current working patterns (i.e., the balance between time spent working at home and time spent working in the office) than their co-workers. A greater proportion (>80%) of homeworkers and mobile workers were satisfied or very satisfied with their current homeworking arrangements compared to around 50% of office workers expressing the same view. Twenty per (20%) cent of office workers reported being dissatisfied or very dissatisfied with their working patterns compared with just four (4%) per cent of partial homeworkers or full-time homeworkers

Figure 2: From responses to 'How satisfied or dissatisfied are you with current working patterns'

(Base: N=514, All employee survey respondents)
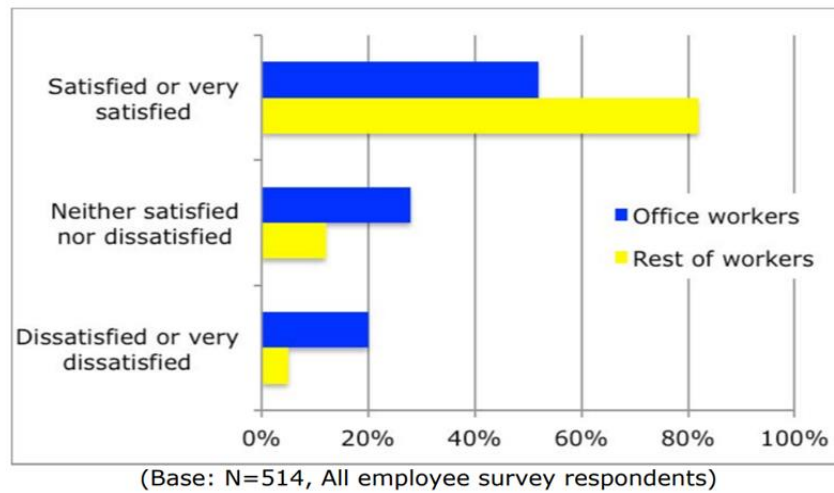
The greater satisfaction generally experienced by homeworkers stems from perceptions and feelings of autonomy. Homeworkers are likely to feel greater freedom and discretion over how they perform their work tasks because they do not experience direct, face-to-face supervision. They benefit from some degree of 'invisibility from managers and co-workers'. This gives them the feeling of "less control from management, less judgements and interference from co-workers". This allows them some of freedom to manage their own time and schedule the hours that they work to meet commitments. Working at home also permits them to control their breaks from work, the clothing they wear, the layout of their workspace, lighting and ventilation levels, music, and other elements of the work environment which contribute to increased perceptions of autonomy. Additionally, it can help also help them to manage demands between work and family and, potentially, reduce work–family conflict. The ACAS (2013) report suggests that to some extent office-based employee's lower levels of job satisfaction can be attributed to their perceived lower levels of autonomy and control over their working arrangements.

Factors that affect job satisfaction

There evidence on what levels of homeworking promotes or results in increased job satisfaction varies. One of the cited studies in ACAS 2013 found that 'high-intensity' homeworkers (those who worked at home three days or more per week) reported higher levels of job satisfaction than office-based staff. Another research found that when employees work at home for up to 12 hours per week a positive relationship emerges between homeworking and job satisfaction. However, this tails off when homeworking approaches 20 hours per week.

However, the link between longer hours of homeworking and diminishing levels of job satisfaction does not apply for those who undertake independent instead of interdependent work. For these types of workers, job satisfaction levels remained high and not linked to number of hours worked at home.

8. Impact on organisational commitment

ACAS (2013) report cited that the homeworker's perception of higher job autonomy not only leads to increased job satisfaction but is associated with more positive attitudes towards their employers. This sense of work autonomy often translates itself into greater commitment to the employing organization. Employees feel loyal to their employer for accommodating their working arrangements. Those with highly individualised working arrangements have expressed the belief that they would have difficulty accessing a similar arrangement with another organisation.

The report also highlights that level of organisational commitment appears to be dependent on the degree of homeworking performed. This was the findings of a study involving 5 hospitals in the US, which found that, participants in partial homeworking arrangements showed significant increases in organisational commitment compared to an office-based control

group. However, the levels of commitment of those employees who worked exclusively at home were no different to those of the office-based staff.

Results from other academic research as cited in ACAS (2013) also found that the facility for home working has helped to retain those employees who may have otherwise left the employer if such arrangement has not been made available to them. These employees were less likely than office workers to express a desire to leave their employer or, in some cases, to change jobs within the same organisation.

According to Gajendran and Harrison (2007) offering the facility for homeworking provide employers with a competitive edge in attracting and keeping the best talent. Organizations that allow employees with the flexibility to work from home are providing a positive signal and visibly demonstrating their trust and support for employees' well-being. This signal from organizations could in turn, generate greater psychological commitment to the organisation and a lowered tendency to quit.

9. Impact on co-worker relationships

Early research on homeworking cited in Gajendran Harrison (2007) suggested that this arrangement can potentially have a detrimental social impact in the workplace. Concerns were noted on how homeworking can impact on the quality of relationships that homeworkers have with their colleagues. As homeworking reduces face to face communication and this can affect the frequency and quality of communication and potentially have a negative effect on the homeworker's interpersonal relationships with their colleagues. Reduced social presence and face-to-face interactions with colleagues could weaken interpersonal bonds between homeworkers and their co-workers and managers. The spatial distance that homeworkers have from others could translates into psychological distance. And for homeworkers this could mean "out of sight, out of mind".

The results of the ACAS (2013) research have shown that homeworking is unlikely to exert any negative effect on their relationships with colleagues for individuals who work at home for only part of their working week. However, for those who work exclusively from home the results indicate that homeworking may be linked to decreased quality of co-worker relationships.

Impact on communication

Homeworking does not seem to have a negative impact in terms of frequency on the communications of employees who work from home. Those who work from home confirmed that they have reduced face to face contact and communication with their colleagues. The ACAS (2013) research have shown that part time homeworkers who divide their working time between home and office appear to be the group of employees best connected with their colleagues – even more so than office-based staff.

Furthermore, the ACAS (2013) research suggests that there are no links between type and amount of communication and isolation or job satisfaction. On the contrary, as the number of communications increases, perceptions of job control, positive well-being and work-life facilitation decline, and work-to-life interference increases. These results were further substantiated by the findings from the qualitative study which found that the quality rather than the quantity of communication with others that is important to homeworkers.

ACAS (2013) also refutes the view that organisational culture will be weakened as homeworking becomes more prevalent. It is argued that this impact is largely dependent on each individual organisation. The evidence suggests that organisational cultures can easily be kept alive and well, even when there is reduced constant communication among employees. Within ACAS this is particularly true in jobs that have some degree of the autonomy, where interdependence is very low and that frequent communications with work colleagues may not be essential.

The type of communication between homeworking staff and their managers is an important consideration in ensuring effective homeworking. The same research found that effective communication approaches require managers to stay in close contact with homeworkers, but that this contact should emphasise information-sharing rather than close monitoring of work processes. Homeworkers who have managers using an information-sharing approach have been found more likely to report lower work-to-life conflict, better performance, and higher rates of helping their co-workers.

10. Impact on social isolation

The term social isolation is defined in the ACAS (2013) report as the sense that one is out of touch with others in the workplace, both physically and in terms of communication. Early research from the 1980s cited in the same report, found that 60% of homeworkers identified social isolation as the greatest disadvantage of homeworking. The absence of a traditional workplace experience when working from home contributes to a sensation of being 'out of the loop'. First-hand accounts of homeworkers feeling isolated from the social environment of the workplace describe this as "feeling like an outsider when they come into the office for meetings or other work-related purposes". The qualitative study undertaken by ACAS 2013 confirmed that full time homeworkers and partial homeworkers experienced social isolation. However, it must be noted that social isolation is not a phenomenon that is specific to homeworking. Employees can experience social isolation even when working in the same physical location as their colleagues. Conversely, some employees experience sustained connections with colleagues despite regular absences from the workplace.

10.1. Frequency of feeling social isolated

The ACAS (2013) report provides one of the most recent evidential confirmation that social isolation is experienced by employees who spend at least minimum of 20 per cent of their working time at home (averaging out at one day per week). When asked how frequently they felt isolated, the survey results show that the average homeworking employees experience social isolation 'infrequently'. Only a very small percentage of homeworkers reported feeling socially isolated frequently or very frequently across the different groups

Figure 7: From responses to 'Please indicate how frequently you experience the following with regards to your work: I feel isolated'
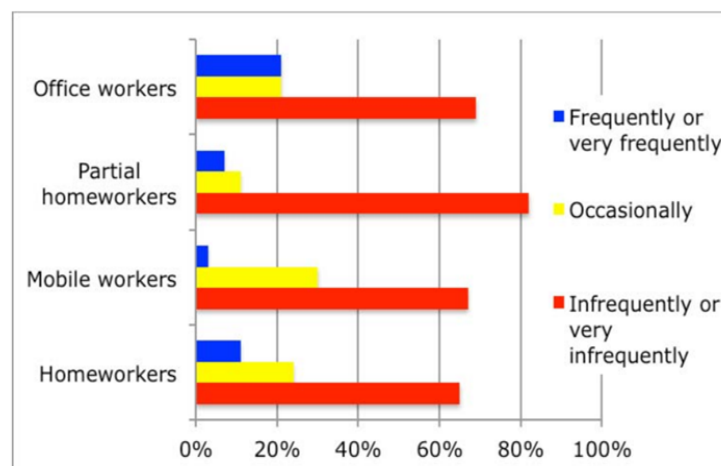
(Base: N=225, Employee survey respondents who work 20% or more of the time at or from home)

The results also show that partial homeworkers appear to be the group that is less likely to experience social isolation compared to fulltime homeworkers and mobile workers. As many as 82% of partial homeworkers report that they experience social isolation infrequently or very infrequently compared with 65% of full-time homeworkers.

10.2. Access to emotional support from co-workers

The ACAS (2013) employee survey found that the degree of social isolation experienced by the different of homeworkers vary. Partial homeworkers are less likely to miss the emotional support from co-workers and informal interaction with others compared with other categories of homeworking employees. The results show that the vast majority (70%) of partial homeworkers 'infrequently or very infrequently' miss emotional support from their co-workers. Only 2% of partial home workers felt that they 'frequently or very frequently' miss emotional support from co-workers. In contrast, as many as 16% of fulltime homeworkers reported feeling the same way.

Figure 8: From responses to 'Please indicate how frequently you experience the following with regard to your work: I miss emotional support from co-workers'

(Base: N=225, Employee survey respondents who work 20% or more of the time at or from home)

The findings of the same survey also provide data on how frequently homeworkers miss informal interaction with others with regard to their work. The results have shown that as many as 73% of mobile workers and 72% of fulltime homeworkers report that they miss informal interaction with others at least occasionally. A significantly lower percentage (40%) of partial homeworkers report feeling the same.

Figure 9: From responses to 'Please indicate how frequently you experience the following with regard to your work: I miss informal interaction with others'
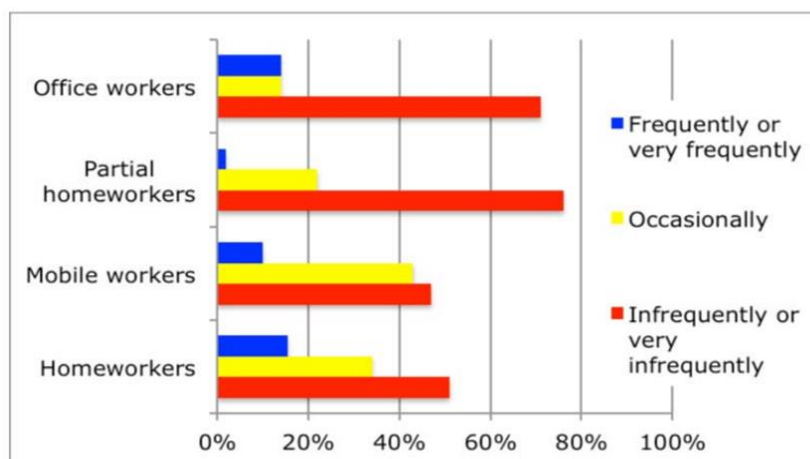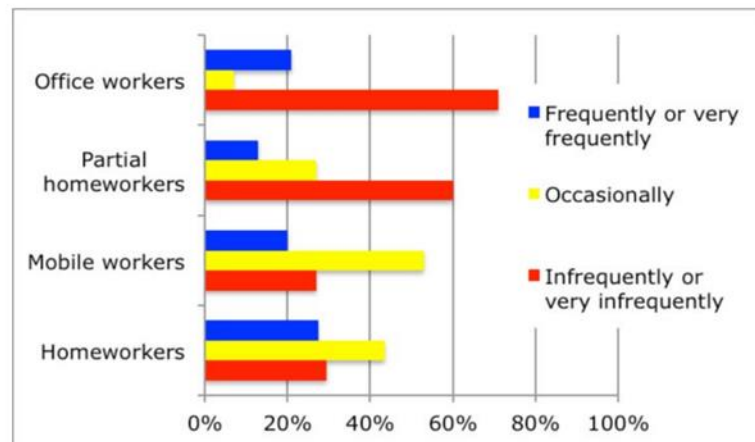

(Base: N=225, Employee survey respondents who work 20% or more of the time at or from home)

These results seem to confirm that partial homeworkers have more frequent informal or ad hoc face-to-face than do any other type of worker. These also suggest that partial homeworkers experience lower levels of social isolation than other workers at ACAS. as their working arrangement split their working time between home and office and allows them to communicate face-to-face more frequently with office-based colleagues and home-based colleagues.

10.3. Strategies for avoiding social isolation

The ACAS 2013 qualitative study found that some full-time homeworkers and partial homeworkers take proactive measures to avoid feeling socially isolated form their work colleagues. These include making an effort to phone colleagues and managers in order to discuss work-related issues and also to communicate on a more social basis and catching up with co-workers when visiting the office. Others mentioned scheduling informal meetings with homeworking peers in local coffee shops or each other's homes, if they were living close enough to one another for this to be convenient.

10.4. Role of managers in reducing social isolation

Managers can support and put arrangements in place to reduce social isolation amongst home workers and encourage social interaction between colleagues. Suggestions in the ACAS (2013) report include: scheduling regular staff meetings that encourage attendance of homeworkers to ensure that relationships between homeworkers and office workers can be built and maintained; setting up arrangements to improve communication between homeworkers and office-based staff; organising team social events and other informal activities at which homeworkers and office-based staff can interact. Other practical examples include creating virtual 'watercoolers' online where employees can post jokes and photos, and comment on workplace social events, football matches, or television programmes, disseminating top tips for homeworking, providing virtual team activities and other social activities.

In dealing with the issue of social isolation it was also recommended that organisations should also consider the suitability of a given individual for dealing with the social isolation associated with homeworking. The results of their qualitative study found that (based on a few workers' accounts) some people may be more intrinsically suited to coping with social isolation than others. Thus, during the recruitment and appointment of individual who might be partially or permanently homeworking, their suitability for these types of homeworking arrangement should be explored.

11. Impact of worker and manager relationship

The report by Gajendran and Harrison (2007) stated that homeworking can affect the quality of manager and subordinate relationship. Some managers fear reduced control over their subordinates, while employees fear isolation and information impoverishment. In some cases, those who choose

homeworking arrangements may find their loyalty and commitment being questioned by managers.

To effectively manage homeworking, it is recommended that managers might have to change their strategies for monitoring employees from behaviour-based to output-based controls. According to Gajendran and Harrison (2007) managers who are unwilling to or who lack the training to change their management and control styles, experience a deterioration in the depth and vitality of their connection with their homeworking subordinates. The same report recommends that managers should have arrangements in place to stay in close contact with homeworkers. This contact should emphasise information-sharing rather than close monitoring of work processes. Homeworkers who have managers using an information-sharing approach have been found more likely to report lower work-to-life conflict, better performance, and higher rates of helping their co-workers.

12. Impact on well-being

One of the most documented and important outcomes of homeworking is its positive impact on employee well-being. There is general consensus in various research literature cited in Mann and Lynn Holdsworth (2000) and in Gajendaran and Harrison (2007) that homeworking is associated with significantly lower levels of work-related stress than those experienced by office-based staff. The stress associated with control over the work environment and work schedules is reduced amongst homeworkers. Homeworking reduces the stress associated with getting ready for work as it can reduce or eliminate commuting times, it avoids the distress of being late and its negative reputational consequences in the workplace. In contrast, this research found that office-workers appeared to experience additional stress due to transport and office politics. Those who commute to work on a daily basis are likely to experience increasing negative emotions such as anger and

hostility that related to the stress of transport and travel. They also worry about lost time whilst commuting and fear being late for work. Furthermore, homeworking allows employees to effectively manage their time and have greater participation in recreational social or sports activities that could mitigate negative physiological consequences of role stress experienced on the job.

12.1. Negative impact on well-being and stress levels

The employee survey undertaken by ACAS (2013) looked into the levels of homeworking that yields the best outcomes for employees in terms of minimising levels of stress and improving well-being. The survey findings suggest that a moderate level of homeworking yields the best outcomes for employees. More specifically homeworkers who work at least three days a week at home have reported less of the stress generated by frequent meetings and interruptions by colleagues, and from exposure to office-based politics.

The survey also found that a significantly low percentage of mobile workers and the partial homeworkers confirmed that their working arrangements have negatively affected their well-being. However, the report has noted there is some evidence that homeworkers experience greater mental health problems, compared to their office-based colleagues.

The qualitative study by ACAS (2013) found that not being present in the office can contribute to other types of stress experience by homeworkers. Homeworkers expressed concern over the perception that they are potentially less available than their colleagues. They also believe that working from home could potentially diminish their ability to share challenging experiences and get immediate support when "needing an outlet" from their colleagues.

12.2. Positive impacts on wellbeing or contentment

The ACAS 2013 survey also looked into the impact of homeworking on positive measures of employee's emotional well-being. The results show that 51.9% partial homeworkers (reported all or most of the time) are significantly more likely than full time homeworkers and office-based workers to report feeling content. These results   suggest that those who mix office and home-based work tend to have the best outcomes in terms of their emotional well-being.

Figure 11: From responses to 'Thinking of the past few weeks, how often has your job made you feel the following?' (% all or most of the time)

(Base: N=514, All employee survey respondents)
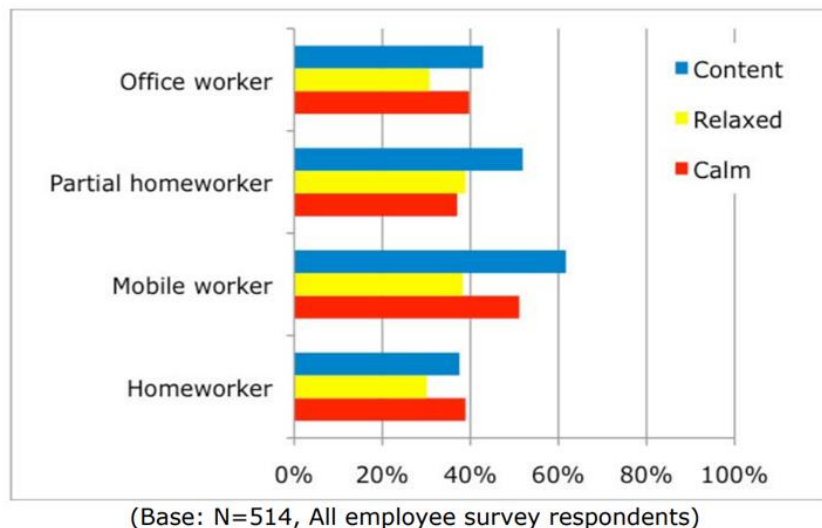
12.3. Impact on presenteeism

According to Mann and Holdsworth (2000) another issue that could affect the homeworker's wellbeing is presenteeism or working while sick. In the current climate of job insecurity many employees and not just the homeworkers feel that they are unable to take time off work because of sickness. This can be an issue for homeworkers as no one can see how ill they are. Many homeworkers may feel compelled to work even when sick in order to dispel their employer's doubts regarding their productivity or to maintain the

'privilege' of homeworking. This then can affect productivity and quality of work employees work whilst sick.

12.4. Impact on absenteeism

Furthermore, it was also noted a drop in absenteeism or frequent or habitual absence from work could be an issue amongst homeworkers. The homeworker may, for example, take a morning off when ill rather than a full day, return to work when not fully recovered—or take no time off at all. Managers may see this as an advantage, however this not in the best interests of the employee to work through illness or not take enough time to recover properly.

13. Homeworking impact on mental health

13.1. Mental health before the lockdown

There is limited research information and evidence available on the impact of homeworking on the mental health of employees. One of the most detailed research relating to this subject area was undertaken by Mann and Holdsworth (2000). This study identified that negative emotions such as loneliness, irritation, worry and guilt were more apparent in homeworkers (teleworkers) compared to their office-based workers. This research did not make a distinction between full time homeworking employees or part time homeworkers.

Table 1: The percentage of the teleworking and office-working participants who acknowledged experiencing the emotions specified in the questions

	Office-working	Teleworking
Stress	83%	67%
Loneliness	0	67%
Enjoyment	100%	100%
Irritability	83%	100%
Worry	17%	67%
Resentment	67%	67%
Guilt	50%	67%
Frustration	100%	100%

The results in the Table above show that a greater percentage of teleworkers (homeworkers) than office-workers experience the negative emotions of loneliness, irritability, worry and guilt. The experience of loneliness amongst teleworkers (homeworkers) was particularly evident and was not experienced at all by the office-workers. The feeling of stress was the only negative emotion, wherein more office-workers have reported experiencing than homeworkers.

The section below summarises some of the findings of Mann and Holdsworth (2000 research on this subject. This provides further insight of the various negative emotions experienced by homeworking employees:

Loneliness and isolation

The research found a significant number of homeworking staff reported experiencing loneliness. They highlighted the lack of social support available to talk things through which consequently resulted in other negative emotions such as feelings of insecurity and lack of confidence in their abilities. The lack of face-to-face communication also further contributed to these negative feelings. It was noted that the increased use of computer-mediated communication (CMC) can reduce the feeling of belonging, or affective bonds, which creates feelings of loyalty to colleagues and the organisation.

The research also highlighted how important it is for teleworkers (homeworkers) who are socially isolated from work colleagues to have social contact to remain mentally healthy and therefore work efficiently.

Irritability

The research found that homeworkers experience more negative emotions of irritation and anger than office-workers. The feelings of irritation and extreme anger can arise as a result of failures that are attributed to the obstructions other individuals. Homeworking can restrict the ability to sort out issues, leading to frustration, and prevent emotional support from fellow workers to help deal with the situations. Another cause of irritation identified by homeworkers is the intrusion of family members into work time. This leads to blurring of boundaries between work and home life, as other family members have difficulty in distinguishing the work role from the family role, may lead to feelings of frustration, anger and stress.

Worry

It was noted that homeworkers worry mainly about the lack of support. This may leave them feeling worried, panicky or fearful regarding their ability to complete a task effectively. Their worry may be exacerbated by a perceived lack of emotional support arising from limited social interaction and physical distance from work colleagues.

Resentment

Homeworkers can also experience negative emotions due to the spill over of work into their family and leisure time which can then affect their levels of satisfaction with the organisation. The ability to effectively manage time can be a great source of stress for particularly for individuals working independently.

Guilt

Homeworkers experience the feeling of guilt when balancing work and family responsibilities. This can create feelings of guilt and worry on whether the homeworker is giving enough attention required by family members as well as feelings of stress caused by prioritising work over family issues. Employers who have expectations of greater productivity from homeworking can create feeling of guilt amongst homeworkers where they have control over how they schedule their work. This can also further lead homeworkers to worry about achieving deadlines.

Frustration

Lack of readily available support is the main underlying theme causing frustration for homeworkers. Most homeworkers experience frustration from the use of technology. The homeworker's frustration arises from the lack of control over technology and processes that they can't control and limited contact from work colleagues. This may decrease feelings of loyalty towards the employer or organisation a reduction in psychological well-being. (

13.2. Mental health impact and gender differences

The results of the quantitative study by Mann and Holdsworth (2000) found that female home workers are likely to experience higher levels of mental and physical ill health than male homeworkers. This is because working women are required to cope with job-related demands which affect the performance of their role in the family resulting in increased levels of work-family conflict. Ensuring a balance of the work-family role conflict has been noted as a source of stress for the homeworker and has also been correlated with negative experiences of emotional and physical ill health. As female homeworkers usually retain responsibility for the majority of the domestic chores, this can lead to feelings of frustration, inadequacy and stress in balancing the demand of family life and work.

The same report also found that male homeworkers experience more emotional ill health and experience of physical symptoms of stress than male office-workers. Men are not traditionally involved in these day-to-day responsibilities. Male homeworkers who take on the dual responsibilities of work and home life experience more stress. This may explain why male homeworkers experience more mental and physical ill health compared to male office-workers. Their experience greater mental and physical ill health issues than male office-workers could also be related to their loss of status arising from being invisible to company members and its effect on their social position.

13.3. Impact on general mental health during the lockdown

The research by Felstead 2020 confirms that the sudden and dramatic movement of work into the home due to Covid 19 lockdown restrictions had a significant impact on employee's mental well-being. Their analysis of the data from Understanding Society Covid-19 Study, found that this has taken a toll on the mental health of those who worked at home in the three months of lockdown. They also found that the negative impact on mental health was even more pronounced especially for those employees who have always or often worked at home.

Figure 14: Intensity of Homeworking by Selected Mental Health Indicators, June 2020
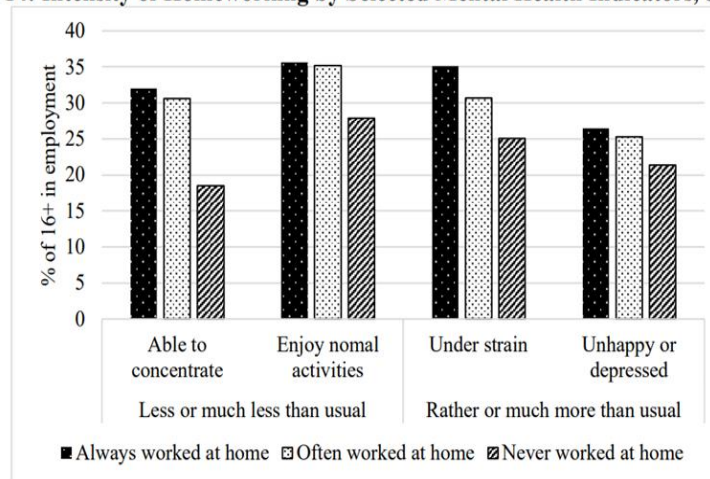
Source: own calculations of the Understanding Society Covid-19 Study, wave 3, see Table A4c.

Felstead (2020) research found that those who have 'always worked at home' and have 'often worked from home' were able to concentrate less or much less than normal during the first three months of the lockdown period. A significant percentage these types of homeworkers reported having difficulties enjoying the normal day to day activities and have felt much more 'under strain' and 'unhappy or depressed'. The report suggested that there could be other factors such the health threats and uncertainty, that would have contributed to generating these feeling from these types of homeworkers.

According to Felstead (2020) the fall in mental health at the beginning of the lockdown was more pronounced amongst those who always, often or sometimes worked at home compared to those who never worked at home. The new home-centred workers also experienced fall in mental health than established home workers at the start of lockdown, although this difference wore off as the months went by. This suggest that after a shaky start new homeworkers got accustomed to their new situation or those who had a negative experience of homeworking returned to their former places of work more quickly.

14. Impact on career aspirations and progression

14.1. Impact on career prospects.

The findings of early research Gajendran and Harrison (2007) found that homeworkers believe that their working arrangements can significantly impact on their longer-term career prospects in the organisation. There was a suggestion that "face time," or visibility, at a central location is deemed to be critical in achieving outstanding performance evaluations. Working away from a central location could hamper their career prospects as they have fewer opportunities to demonstrate high performance in a face-to-face and in highly salient context. They are also concerned that others might view them as less committed and less loyal to the organization and prioritizing personal life over professional obligations and such perceptions can hamper their prospects for advancement.

Homeworkers fear that they can become 'politically disadvantaged' as they become 'out of flow' in the political activities such as resource allocation, evaluation, compensation and advancement within their organizations (Sandi Mann and Lynn Holdsworth 2000 p 198)

14.2. Impact on career aspirations

The results of the ACAS (2013) survey provide recent evidence on how homeworking affects the employee's aspirations and options for career progression.

Table 5: From responses to 'career ambition' employee survey questions

Percentage of respondents who agreed or strongly agreed	Home workers	Mobile workers	Partial homeworkers	Office workers
I have the ambition to reach a higher position in my line of work or organisation.	30%	43%	67%	65%
I have the ability to reach a higher position in my line of work.	64%	81%	80%	69%
I like to be challenged in my work.	73%	89%	93%	85%
Having a career is important to my sense of identity.	61%	81%	83%	68%
I want to achieve the highest possible position in my line of work.	21%	51%	56%	50%

(Base: N=514, All employee survey respondents)

The results in Table 5 above suggest that full time homeworkers are less likely to have the ambition and the willingness to advance in their careers (30%) and to state that having a career is important to their sense of identity (61%). Partial homeworkers are more likely to be ambitious i.e. feel that career is important to identity (83%), have the ambition (67%), and have the ability (87%) to advance their careers.

The results also found that homeworking employees who work mostly at or from home were more likely to feel that their career is not a priority in their life. The most important things in their lives and the areas that they derive most satisfaction from come from their life outside work. The survey results show that majority (81%) of homeworkers confirmed that he most important things that happen to them involve their life outside work. In comparison just over half (>50%) of partial homeworkers felt the same way. It should be noted that the difference in their views cannot be attributed to differences in family structure between homeworkers and partial homeworkers.

ACAS (2013) further added that there is insufficient evidence from their employee survey to establish whether participation in full time homeworking contributes over time to lower levels of career ambition or whether employees with pre-existing low levels of career ambition have deliberately chosen full time homeworking arrangements. The results of their qualitative study did not provide conclusive evidence either on the impact of homeworking to careers

aspirations. Most of the homeworking employees interviewed did independent work and have signified that they would like to continue the type of work they do as they enjoy it and the flexibility that it provides. The reluctance to make major lifestyle changes for the sake of career advancement was not limited to homeworkers or partial homeworkers, Similar views were expressed by number of office-based workers who perceived that the trade-offs required for a more senior position, in terms of travel time, responsibility, or longer work hours generally, were too steep.

14.3. Impact on professional isolation

Professional isolation is defined by as the experience of remoteness from the ongoing activities in the workplace. The ACAS (2013) report have noted homeworkers views on how professional isolation can affect their career prospects. A common fear that homeworkers have is that when they are 'out of sight', they can be also 'out of mind' when the time comes for managers to allocate key assignments or nominate candidates for promotion.

The results of the ACAS (2013) survey found that homeworking employees felt that they do not miss out on activities and opportunities that that could enhance their career and opportunities to be mentored. Most partial (60%) and full time (67%) homeworkers reported that working from home has no impact on their opportunity to advance in their careers at ACAS. Only a small proportion felt that their working arrangement had a negative impact on their career advancement opportunities. Less than a quarter of homeworkers (22%) felt that it has a negative impact, and a much lower proportion of partial home workers (9%) felt the same way.

Table 6: From responses to 'Do you feel that working from home has a positive impact, negative impact, or has no impact at all on your opportunity to advance in your career at Acas?'

	Positive impact	No impact at all	Negative impact	N
Homeworkers	11%	67%	22%	136
Partial homeworkers	31%	60%	9%	45
Mobile workers	23%	53%	23%	30
All respondents	**17%**	**64%**	**19%**	**211**

(Base: N=211, Employee survey respondents who work 20% or more of the time at or from home)

It is worth noting from the results above that a higher proportion (31%) of partial homeworkers felt that homeworking had a positive impact on their careers when compared to full time (11%) homeworkers who felt the same way.

14.4. Preventing professional isolation.

The results on the Table below show the frequency that homeworkers feel that they are out of the loop.

Figure 19: From responses to 'Please indicate how frequently you experience the following with regard to your work: I feel out of the loop'
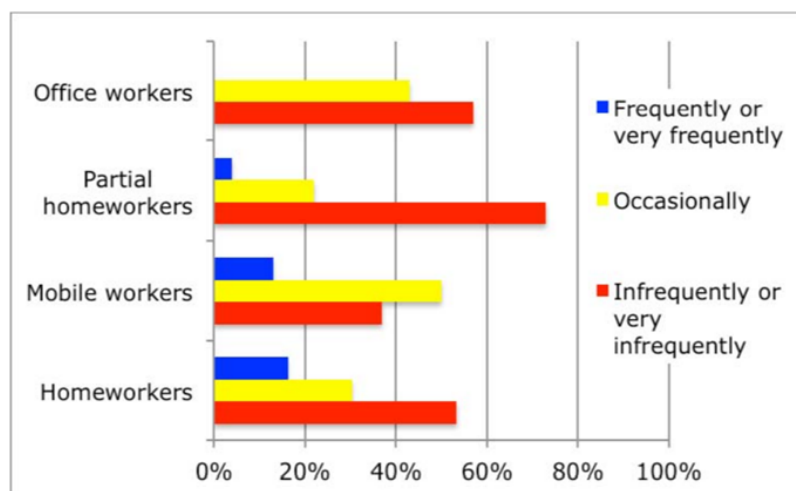
(Base: N=225, Employee survey respondents who work 20% or more of the time at or from home)

The result above show that full time homeworkers and mobile workers were more frequently likely to feel out of the loop compared to partial homeworkers.

However, the qualitative study by ACAS provided evidence on how homeworking employees make proactive efforts avoid any potential damaging effects of professional isolation. Homeworkers stated that one of the most important reason for going to the office to be able to 'to gain and share work related information with colleagues" as well as engage in social interaction. Other strategies used are similar to those that are used to avoid social isolation. This can involve reaching out to colleagues by phone, email, and in person. Some homeworkers make sure that they had a visible presence in the office on a regular basis in order to maintain connections with colleagues and subordinates and to raise their own profile.

The ACAS (2013) report also highlighted various ways on how managers can prevent professional isolation among homeworking staff. These include: the scheduling of regular staff meetings to ensure that homeworkers and office workers receive key work related information at the same time and in the same way; providing access to an intranet systems which allows homeworkers and office-based staff to communicate with one another and keep up to date with relevant information and access to information bulletins to keep all employees informed of work-related news. Another ways is to make best use of communication technologies to substitute for face-to-face interaction, such as telephone conference calls, video conferencing, and web-enabled meetings.

15. Role managers in supporting homeworking

It is recognised that managers have a key role in making homeworking a success and in creating successful homeworking environment. It has been argued in literature that the success of homeworking is a more function of leadership rather than of technology. Managers must be willing and able to

relinquish traditional notions of how best to manage performance and adopt new ways of motivating and monitoring their staff.

The ACAS (2013) report cited 4 key themes that that are important in effectively managing homeworkers. These are: trust, performance management, communication, and training.

15.1. Trust and role of managers

Two of the key barriers to homeworking success is management trust and the traditional managerial attitudes that employees need to be seen to be considered productive. Such attitudes can often be quite resistant to change. Many organisations continue to value and reward 'face-time' and operate under the assumption that visibility equates to productivity and commitment despite the availability and access to communications technology that enables individuals to work anywhere, at any time. It remains a challenge for organisations to take the time to develop new management approaches that will effectively support homeworking arrangements.

To have success in implementing homeworking, management must exhibit some degree of trust in employees. This will be particularly challenging for managers who prefer to have their employees in sight and engage in in direct supervision of their staff. Management concern on homeworking staff arises from their loss of direct control over homeworkers, and not being able to detect whether an employee is experiencing difficulties, is working too much, or is not working enough.

Linked to the issue of trust is the notion of reciprocity between employees and the organization. The expectation of flexibility 'goes both ways' between homeworkers and the organization. Employees who have access to a range of flexible working options to meet their needs are also expected to be flexible in order to meet changing organizational needs.

15.2. Managing performance

To enable organisations to adapt effectively to a homeworking programme, it is recommneded that managers need to change their monitoring strategies from behaviour-based to output-based controls. The adoption of output-based controls will involve assessing performance based on output, products, or other deliverables of the work rather than an assessment of employee performance based on the employee's observable actions.

The results of the ACAS (2013) employee survey confirmed that most managers (59%-62%) do not consider monitoring of homeworkers performance as a challenge. The majority found it easy to monitor the quality (58.6% strongly agree or agree) and amount (61.5% strongly agree or agree) of work performed by homeworkers. However, a substantial proportion (40.4% strongly agree or agree) acknowledged that they find managing homeworkers is more difficult than managing office-based staff. The researh recommended that one-to-one meetings between homeworking employees and their line managers are held on a monthly basis in order to review performance, work progress, health and safety or career development issues.

15.3. Communications with managers

Homeworking can also affect the frequency, format and content of manager's communications with their employees. The ACAS (2013) research confirmed that managers have less more frequent communications with homeworking employees than with their office based counterparts. Those managing homeworkers are much more likely to utilise telephone discussions and use email is across homeworking and office based staff. Additionally managers were more likely to use informal, ad hoc communications than formal, planned communications with both groups of workers.

15.4. Subject and focus of communications between manager and staff

Type of communication between homeworking staff and their managers is also an important consideration in ensuring effective homeworking. As mentioned previously (communication section), managers must to stay in close contact with homeworkers and should take an information-sharing sharing approach rather than closely monitor work processes. Managers using this approach found that homeworkers were more likely to report lower work-to-life conflict, better performance, and higher rates of helping their co-workers.

15.5. Need for manager training

The need for specific manager training on managing homeworkers was also noted in the ACAS (2013) research. It is recommended that this should be part of the manager training programme. In ACAS managers are trained on how to perform a Health and Safety assessment for employees who are transitioning to homeworking.

16. Technology to support homeworking

The ACAS (2013) report highlighted the central role that technology plays in ensuring success of homeworking. This study have shown how much homeworkers rely on the phone and computer technology. On days when technology fails or when they experience difficulties connecting, homeworkers reported significantly higher levels of isolation and negative measures of well-being (such as feeling tense, worried or uneasy). Homeworkers would generally feel a sense of guilt and negative emotions. This is particularly true for those who are working as part of a close team as they may feel that they are letting their colleagues down or somehow they fear that could be perceived as not pulling their weight within the team. When they are unable to make contact with co-workers they can feel isolated and dependent on others

to be updated on any work issues or developments and to have the technological problem resolved.

Homeworkers are significantly more affected when technological issues arise as they are in their own environment without the immediate support of other colleagues or alternative technology to rely on. A common technological issue experienced by homeworkers relates to speed and reliability of internet/network connections. Another area of concern is communication when IT issues arise. While employees in the office might share information verbally relating to a particular system being down, those working at home are not always notified, which can add to the stress of the problem. Another common issue encountered is difficulty in managing more complex IT issues and updates in the home environment. The need was also highlighted for having readily accessible support through remote connection where IT can demonstrate how things are done so that homeworkers can learn how to subsequently deal when same issues arise

16.1. Need for enhanced IT support

The ACAS 2013 qualitative study also highlighted need for homeworkers to have enhanced access to IT support. This was confirmed by IT support workers who have noted significant differences in the types of issues and duration of support required by homeworkers versus the office based workers. The duration of calls are generally longer if it's a homeworker. Apart from main issue raised, homeworkers would also often ask advice on other related technological issues. This would involve seeking "support or advise on issues that they could otherwise get from their co-workers or colleagues within an office environment."

16.2. Access to technology and workspace at the office

Another aspect of support that should be considered for homeworkers is their access to technology and workspace on days that they come to the office. It has been noted that some homeworkers have experienced difficulty accessing the technology they need in the office. As part of best practice ACAS 2013 recommends making use of a desk booking facility that allows employees to pre-arrange a place to sit and work prior to coming in to the office.

16.3. Satisfaction with technology and support

The access to reliable technological equipment and support have is key in predicting homeworkers' satisfaction with their working arrangements. The ACAS (2013) research found that homeworkers who receive adequate technological support stated that they were more satisfied with their working arrangements than those receiving insufficient levels of support.

16.4. Optimising the use of new information technology

The benefits of using more recent communication-based technologies such as video conferencing and the use of group messaging system to facilitate and enhance communication between office based and homeworking staff have also been noted in research literature. Employees confirm that camera enabled communication facility adds value to internal communications in enabling employees to see facial expressions of colleagues they work with. Furthermore the use of this facility would enables them to simulate the ad hoc face-to-face interactions that might occur between colleagues in an office-based environment.

17. Continuity of homeworking - the future

With the current pandemic it is likely that social distancing will continue in the future and will have a long-term impact on working arrangements. Prior to the pandemic large open-plan offices were the norm and with the onset of the pandemic this has changed. Felstead (2020) cited the UK government advise that 'workstations should be assigned to an individual and not shared'. Furthermore, if sharing must be done, it should be 'among the smallest possible number of people' with the use of hot desks avoided, if at all possible (HM Government, 2020: 19). This means that the return to the changed office will be muted with the home becoming the main workplace for many previously office-bound workers.

It is predicted that the new normal in the UK will be characterised by much higher level of homeworking compared to the period before the pandemic if employers allow this to happen. According to Felstead's (2020) report, as many as nine out of ten (88.2%) of employees who worked at home during the lockdown would like to continue working at home in some capacity.

Figure 19: Working at Home Preferences, June 2020

13.2   11.8

34.1   40.9

:: Never working at home   ■ Sometimes working at home
■ Often working at home   ⌐ Always working at home
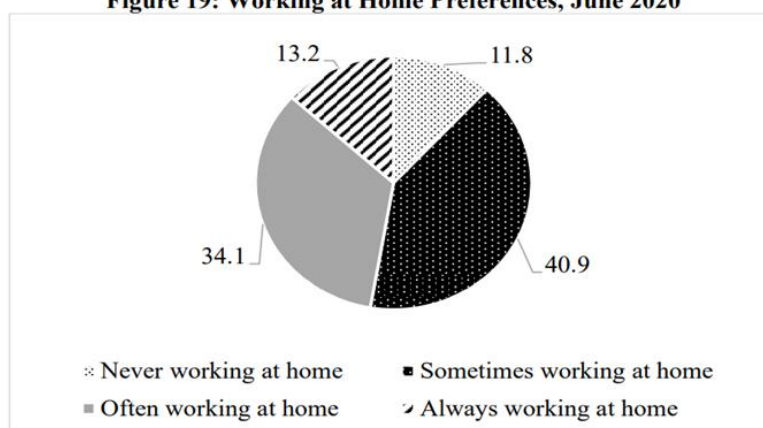
Source: own calculations of the Understanding Society Covid-19 Study, wave 3, see Table A11b.

Nearly half (47.3%) of these employees want to work at home often or all of the time. Their findings suggests that employees with little previous

experience of homeworking had not been put off by the experience of working at home. As many as half (50%) of new homeworkers would like to work at home often or always even when Covid-19 restrictions permit a return to 'normal' working.

Feltead's (2020) also suggests that upsurge in interest in homeworking is unlikely to be detrimental to productivity. Most of the employees (65.5%) who reported that they produce much more per hour while working at home during lockdown have indicated that wanted to work mainly at home in the future. In comparison, just 6.4% of the employees with higher productivity stated that they do not want to work from home in the following the lockdown. Thus it is more likely that allowing employees to work at home, if they want to, may increase not reduce productivity.

It is argued that the massive return to working patters pre-Covid-19 is unlikely to happen. Many employees are possibly used to – and may even have experienced the benefits of – working from home. The positive impacts of homeworking on productivity and on employee's well being is set to continue where adequate resources and support are in place.

References

ACAS (2013). Home is where the work is: A new study of homeworking in Acas – and beyond. Alexandra Beauregard, Kelly Basile and Esther Canonico (LSE Enterprise)

Butler, E., Aasheim, C. & Williams, S. (2007). Does telecommuting improve productivity. Communications of the ACM, 50(4), 101-103.

CIPD (2020). Embedding New Ways of Working. Implications for the post-pandemic workplace. Case Study Interviews 2020.

CIPD (2020). Working from Home. Assessing the research evidence. September 2020.

CIPD (2020) Mega Trends.Whats driving the rise in remote working. April 2020.

Darja Reuschke and Alan Felstead (2020). The Effect of the Great Lockdown on Homeworking in the United Kingdom. WISERD Report, Cardiff: Wales Institute of Social and Economic Research.

Felstead, A and Reuschke, D (2020) 'Homeworking in the UK: before and during the 2020 lockdown', WISERD Report, Cardiff: Wales Institute of Social and Economic Research.

Gajendran, R. S. and Harrison, D.A (2007). The Good, the Bad, and the Unknown About Telecommuting: Meta   Analysis of Psychological Mediators and Individual Consequences. Journal of Applied Psychology, Vol. 92, No. 6, 1524 –1541.

Mann, S. and Holdsworth L. (2000). The psychological impact of

teleworking: stress, emotions and health. New Technology, Work and Employment 18:3, 2000.

Tuk, Brigette (2012). The influence of procrastination on the relationship between home-based telework and employee well-being. Master thesis - Human Resource Studies, Tilburg University.

https://cities-today.com/remote-working-has-mixed-impact-on-work-life-balance-for-council-staff/

https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/coronavirusandhomeworkingintheuk/april2020

https://www.civilserviceworld.com/professions/article/a-year-of-working-from-home-home-offices-postcoronavirus-lockdown-plan-revealed

https://www.lohmancompany.com/enewsletter/article/pros-and-cons-of-telecommuting/

https://www.oecd.org/coronavirus/policy-responses/productivity-gains-from-teleworking-in-the-post-covid-19-era-a5d52e99/

https://blog.bham.ac.uk/cityredi/the-long-term-impact-of-homeworking-arising-from-the-coronavirus-covid-19-crisis/

https://www.bcg.com/publications/2020/valuable-productivity-gains-covid-19

CYNGOR CAERDYDD

CARDIFF COUNCIL

POLICY REVIEW & PERFORMANCE

SCRUTINY COMMITTEE   **8 March 2022**

Committee Business Report

Scrutiny Annual Report – RLDP Inquiry - Correspondence

Reasons for this Report

1. To update Members on:

    a. The Scrutiny Annual Report 2021/22.

    b. Replacement Local Development Plan (RLDP) Inquiry.

    c. Correspondence arising from recent PRAP scrutiny meetings.

Scrutiny Annual Report 2021/22

2. The Council's Constitution requires all Scrutiny Committees to report annually to the Council on their work during the past year and make recommendations for future work programmes. Since 2020/21 this constitutes one combined Scrutiny Annual Report capturing the work of five scrutiny committees.

3. The Scrutiny Annual Report 2021/22 will be considered by Full Council in June 2022. It is currently being drafted and will be presented for consideration by all Chairs of Scrutiny, prior to the ending of their term of office in May 2022.

4. In preparation for the final draft each committee is requested to agree the pages that will be included for that committee. A draft page is therefore attached at **Appendix 1** for this committee's approval. As previously the page will set out membership, purpose, and achievements over the year.

5. The final Scrutiny Annual Report to Council will focus on the difference made to residents, visitors, staff, and businesses over the year, highlighting

how Scrutiny has influenced the way Council services are delivered; improve stakeholder understanding and interest in Scrutiny; explain how Scrutiny facilitates engagement and encourages public participation; and highlight the value of Member-led/ stakeholder informed decision making.

6. If agreed by Council the report will be available for download bi-lingually from the Council's website, in standard or large print version and will also offer a translation in other minority languages if requested.

7. As this is the final meeting of this committee in the current administration, to inform the Annual Report, Members views are sought on the committee's greatest achievements over the 5-year period.

Replacement Local Development Plan (RLDP) Inquiry

8. In September 2021, the five Scrutiny Committees individually considered the draft report titled '*Cardiff Replacement Local Development Plan: Vision, Issues and Objectives, and Integrated Sustainability Appraisal Scoping Report'* prior to its consideration by Cabinet. Following these meetings, a collective letter capturing the concerns and observations from all five committees was sent to Cabinet.

9. Going forward the five Scrutiny Chairs considered it would be good practice to pool scrutiny expertise from all committees and continue a culture of collaboration. This was supported by the Scrutiny Committees at their October meetings, where Members agreed to progress scrutiny of the next stage of the RLDP via a Task and Finish Group with representation from all 5 Scrutiny Committees to ensure that all aspects affected by the RLDP could be considered.

10. At this Committee's meeting 11 October 2021, the Chair invited expressions of interest in representing the Committee on the joint task group and Councillors Norma Mackie and Joel Williams were subsequently nominated by the Chair to represent PRAP.

11. The Task and Finish Group held their first meeting on 2 November 2021, where they considered the areas they wished to explore in their examination of the next stage of the RLDP, which is the consultation around the proposed Strategic Options. They developed terms of reference, which were agreed by all five committees at their meetings in November 2021 and are attached at **Appendix 2**.

12. Since then, the Task and Finish Group has held five meetings to hear evidence from the following:

- Councillor Wild – Cabinet Member, Strategic Planning & Transport
- Simon Gilbert – Head of Planning
- Stuart Williams – Group Leader, Local Development Plan
- Stuart Hardisty – Hardisty Jones Associates – *Employment & Economic Modelling*
- Andrew Fowler – Edge Analytics – *Population Modelling*
- Grace Boden – Edge Analytics – *Population Modelling*
- Andy Robinson - Natural Resources Wales
- Geoff Hobbs - Natural Resources Wales
- Richard Mann – UWHA
- Huw Owen - Alzheimer's Society
- Adrian Field - For Cardiff
- Sheila Hendrickson-Brown – Cardiff Third Sector Council
- Gladys Hingco – Principal Scrutiny Research Officer.

13. As part of the Inquiry, Scrutiny Research issued a Call for Evidence, seeking stakeholder views on the consultation process and on the strategic options. A total of 18 responses were received. Two summaries, one focused on the consultation process and one on the strategic options, were presented to the Inquiry by Scrutiny Research, highlighting key findings from the responses.

14. Following the meeting in November 2021 to consider the consultation process, the Task and Finish Group sent a letter to Cllr Wild, Cabinet Member – Strategic Planning and Transport, setting out recommendations aimed at improving the ongoing consultation on the Strategic and Delivery Options. A response to this letter was received, accepting all the recommendations bar one, which was partially accepted.

15. The final evidence gathering meeting was held on 31 January 2022. At this meeting, the Task and Finish Group were informed that the scrutiny officer supporting the Inquiry was leaving the authority mid-February 2022 and that therefore there was limited resource to complete the usual Inquiry Report.

16. The Task and Finish Group considered the next stages of the Inquiry and decided it was best for the scrutiny officer to:

    a. focus on capturing the key findings for the Inquiry and to formulate these into matrices, indicating the evidence supporting the findings.

    b. draft a letter to Cllr Wild, highlighting the headline findings and including the recommendations sent earlier regarding the consultation process. In addition, the matrices would be shared as attachments to evidence these findings and recommendations.

    c. share the non-confidential Call for Evidence submissions with planning officers, to enable them to be counted and considered as consultation responses on the Strategic Options.

17. The Task and Finish Group are scheduled to meet 2 March 2022 to review the letter, key findings, recommendations, and attachments. Following any amendments, these will be presented to the Environmental Scrutiny Committee at a special committee meeting 16 March 2022, for amendment and agreement, as the host committee for the Inquiry. Once agreed by the Environmental Scrutiny Committee, the letter and its attachments will be sent to Councillor Wild and officers for their consideration when developing the consultation process for the preferred strategy and when developing the preferred strategy itself.

18. The Committee is asked to note the proposed way forward for collating the findings and recommendations to date of the Joint Task and Finish Group for the inquiry into the RLDP Strategic Options.

Correspondence

19. Following each Scrutiny Committee meeting, the Chair writes on behalf of all Members, to the relevant Cabinet Member and senior officer, summing up the Committee's comments, concerns and recommendations regarding the issues considered during that meeting. The Committee is routinely copied into the letters when they are forwarded to the Cabinet Member. Depending on the issues highlighted, the letter may request a response from the Cabinet Member to any recommendations made, and sometimes requests further information.

20. For Members information attached to this report are copies of correspondence following the January and February meetings of this Committee, both letters sent, and Cabinet responses received.

21. Where responses are *outstanding* the support officer continues to follow up on the Committee's behalf, particularly where the Committee has made a formal recommendation for monitoring as part of the new model and database in place to capture the impact of scrutiny. There are occasions, however, that the Committee does not formally request a response.

Committee	Scrutiny	Appendix
18 January 2022	Budget update & Consultation	3
	Response not required	
18 January 2022	Performance Management & Data Strategy	4
	Response not required	
23 February 2022	Corporate Plan & Budget Proposals	5a
	Cabinet Response	5b

Legal Implications

22. 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 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 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

23. 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

Members are recommended to:

a. Consider, if necessary amend and approve the draft Policy Review and Performance Scrutiny Committee page of the Scrutiny Annual Report 2021/22, attached at **Appendix 1.**

b. Highlight the committee's greatest achievements for inclusion in the Scrutiny Annual Report 2021/22.

c. Note the proposed way forward for collating the findings and recommendations to date of the Joint Task and Finish Group inquiry into the Replacement LDP Strategic Options.

d. Note correspondence between the Committee and the Cabinet for January and February.

Davina Fiore

Director Governance & Legal

2 March 2022

This page is intentionally left blank

POLICY REVIEW & PERFORMANCE COMMITTEE - Draft Copy for Annual Report Committee Page

Our Membership – photos to be sourced from library

Councillor David Walker (Chair)

Councillors Ali Ahmed, Berman, Bernie Bowen-Thompson, Jayne Cowan, Elizabeth Henshaw, Ashley Lister, Norma Mackie, and Joel Williams.

Our Purpose

- We assist the Council in creating solid foundations to deliver services successfully. With the customer in mind, we act as a critical friend, challenging the back-office support services on which frontline services depend, seeking assurance that the Council is using its finances, property, digital and staff resources to deliver the best possible services.

- Our aim is to maximise customer experience by scrutinising policies, plans and programmes. We are looking for good performance against the priorities and objectives set out in the Council's Corporate Plan.

- We report our findings to the Cabinet by making recommendations we consider would enhance Council performance and the effectiveness of its policies.

Our Achievements in 2021/22

- Our **Performance Panel** continued to combine the expertise of all five scrutiny committees to secure an impact on the Council's Corporate Planning and Performance Management processes. The Panel met with the Cabinet to consider the year- end performance 2020/21 (July 2021); to consider mid-year performance 2021/22 (December 2021) and finally to consider the Corporate Plan at a policy development stage (February 2022). These three meetings resulted in amendments to the Corporate Plan 2022/25.

- We have focussed heavily on the **Financial Resilience** of the Council, considering the Council's strategy for dealing with the financial challenges ahead, the proposals for the 2022/23 budget and monitoring the budget at months 4 and 6 2021/22.

- We reviewed the organisation's performance and response to the demands of the pandemic in maintaining frontline services with scrutiny of Cabinet reports on **Recovery and Renewal** in May and October 2021. Members were looking for evidence that more agile decision making will be maintained, and that the Council becomes more innovative as it looks to establish flexibility between home and office working.

- In support of the move towards hybrid working we have published our **Home & Agile Working Review** to inform future policy on hybrid working in the Council, with a specific focus on the management challenges of supporting home & agile working.

- This year we returned to our statutory responsibility of scrutinising the **Cardiff Public Services Board**, commending the high level of trust and spirit of co-operation that had resulted in agility in the speed of decision-making at the onset of the pandemic.

- We continued to engage with the Council's **Race Equality Taskforce**, monitoring the Councils progress on issues such as workforce representativeness, and translating the educational success of BAME communities into employment.

- We examined the challenges faced by the **Governance and Legal Services** directorate and returned to our long-held interest in corporate wide **Sickness Absence**, focussing closely on the specific challenges faced by Waste Management.

Quotes:

 "This has been a good 5 years for the relationship between Cabinet and Scrutiny, particularly with this Committee. I am personally very grateful for the constructive way you (the Chair) have led these meetings and the real value that has emerged"

Councillor Huw Thomas, Leader

"I echo the Leaders view. The Corporate Plan is an important document in a strong policy planning framework. The Performance Panel absolutely represents best practise in self-assessment. It provides a level of challenge that ensures that the Corporate Plan is addressing the right issues with the right measures and targets."

Paul Orders, Chief Executive

ENVIRONMENTAL SCRUTINY COMMITTEE
SCRUTINY INVESTIGATION SCOPING EXERCISE SUMMARY SHEET

PROPOSED TOPIC: Cardiff Replacement Local Development Plan	
PROPOSED TYPE OF SCRUTINY INVESTIGATION: Joint Inquiry	
Proposed Terms of Reference	• To explore, scrutinise and act as a consultee on the Strategic Options for the Replacement LDP focusing on how these have addressed: 　○ Accessibility and Inclusivity 　○ One Planet Cardiff. • To review the Council's consultation process to date; to examine its effectiveness and make recommendations for future consultation on the next stages of the Replacement LDP • To understand the supporting rationale for the projected growth provided by Welsh Government in order to consider whether the evidence base is robust, realistic, and viable. • To consider how Cardiff's replacement LDP and the Strategic Options are aligned with regional planning. • To hear and consider views of stakeholders to inform the recommendations of Scrutiny on both the Strategic Options and the Council's consultation processes. • To coordinate and provide a single joint response from the Scrutiny Committees. • To make recommendations that will inform the decisions and considerations that the Council's Executive will make in the development of the Preferred Strategy. • To make recommendations that will inform any future scrutiny of the replacement LDP.
Task & Finish Recommended.	Yes
Stakeholders	Cabinet Members Senior Managers External Stakeholders TBC
Number of meetings required	
Meeting 1 Mid November 2021	**Consultation Process – Strategic Options** To examine the consultation document and explore the consultation processes planned for engagement around the Strategic Options. To have a particular focus on the plans and approaches for involving hard to reach and under-represented groups.

	Desktop based research on best practice consultation to enable Members to compare, contrast and assess the Council's own consultation.
Meeting 2 Beginning December 2021	**Internal Evidence on Strategic options** To receive a presentation from the Cabinet Member and Senior Officers on the Strategic Options. • **Role of Scrutiny** - To examine the Strategic Options. To receive information regarding the evidence base provided by Welsh Government to consider its robustness realism, and viability of projected growth and examine the rationale behind the options being presented. To receive information on how Cardiff's replacement LDP and the Strategic Options align with regional planning. To explore the Strategic Options through focus on the two areas identified; 'Accessibility and Inclusivity' and 'One Planet Cardiff'; to ascertain how these have been addressed in the Strategic Options put forward. **Invitees** Cllr Wild, Andrew Gregory, Stuart Williams, Simon Gilbert
Meeting 3 1st/2nd week January	**External Evidence on Strategic Options** To hear evidence from key stakeholder witnesses to help inform the T&F Group's views and recommendations on the strategic options. **Selected stakeholder witnesses will be invited to attend the meeting to provide verbal evidence to the T&F Group on their views of the strategic options.** External Stakeholder witnesses TBC
Meeting 4 3rd week January 2022	**External Evidence on Strategic options** **Part 1** **Stakeholder Research** Report of the key findings of the Call for Evidence from key stakeholders – written summary of main points provided by Gladys Hingco, Principal Scrutiny Research Officer. **Part 2** Discuss evidence received with Cabinet Member and Senior Officers
Meeting 5	**External Evidence on Consultation Process**

4th week of January 2022	Explore views of stakeholders on the consultation processes undertaken in developing the Strategic Options as well as the Vision, Issues & Objectives/ISA. This meeting will assess the effectiveness of the consultation approach and processes that have been adopted by the Directorate. The findings of this meeting will inform the recommendations that will be made on the future consultation on the Preferred Strategy.
	Selected stakeholder witnesses will be invited to attend meeting to provide verbal evidence to the T&F Group on their views of the strategic options
	Stakeholder Research
	• Reporting of the summary findings of the Call for Evidence from key stakeholders – provided by Gladys Hingco, Principal Scrutiny Research Officer.
	External stakeholders TBC
Meeting 6 February 2022	**Sum Up Meeting**
	Consideration of all information received during the inquiry and agree way forward for draft report/recommendations
	Consideration of draft report/recommendations

Proposed Reporting Arrangements

• Investigation to be undertaken by middle of February 2022
• Report to be considered by the Scrutiny Committees – end of February/March 2022
• Report from Scrutiny to Cabinet - March 2022

Potential Outputs/Outcomes from this investigation

As a key consultee, the T&F will produce a report that will outline and illustrate Members views on the strategic options being consulted on at this stage of the development of the RLDP process. The recommendations of this report will be informed by consideration of evidence and views from selected stakeholders who have contributed to the scrutiny of the RLDP's strategic options and will assist the Directorate and Cabinet in the development of the Preferred Strategy.

The findings and recommendations of the T&F will also inform Scrutiny's, Cabinet's, and the Directorate's views on future consultations of the next stages of the development of the RLDP.

This page is intentionally left blank

Date: 20 January 2022

Councillor Chris Weaver,
Cabinet Member, Finance, Modernisation & Performance,
Cardiff Council,
County Hall
Cardiff
CF10 4UW

Dear Chris,

Policy Review & Performance Scrutiny Committee 18 January 2022

Further to your attendance at Committee earlier this week to update us on budget modelling following the provisional settlement and the 2022/23 budget consultation. I am grateful for your time and ask that you pass on Member's appreciation to Chris Lee, Corporate Director Resources and Gareth Newell, Head of Performance and Partnerships for presenting the position and answering Members questions at the online meeting. I have been asked to pass on Members' comments and observations as follows.

Budget update

In considering the Council's budget position and financial strategy Members note:

- a more positive than expected provisional settlement at 10.7% (£52.6m), and indicative settlements of 3.5% and 2.4% for the following two years respectively.
- the closure of the Covid Hardship Fund on 1st April 2022, and that the budget settlement encompasses all ongoing costs of Covid recovery.
- that based on the modelling, available resources currently exceed resource requirements by £8.999 million.

This provisional settlement has clearly been predicated on the basis that society will need to live with Covid moving forward and indicates that the Council must factor in the ongoing costs required to deal with the resulting budget pressures it causes. The Committee sought an indication of the likelihood that Council Tax will need to increase to deal with pressures and, if so, by how much. You stated that this is presently being reviewed, with a Cabinet decision due shortly. Views were expressed

that with the cessation of the Hardship Fund, communication with Welsh Government should remain open should there be an unexpected further Covid wave.

Whilst you were unable to confirm the position in respect of Council Tax, we note there will be no changes to the Council's modelling assumptions set out in your presentation with nil use of reserves; 4% Council Tax increase to be reviewed, and £9.123m efficiency savings. Members note your clarification that efficiency savings are now also expected from schools' budgets and that in previous years schools' budgets have often been protected. We also note Welsh Government support for Council Tax Benefit.

The Committee was concerned about the costs of Covid to date and noted that expenditure in 2020/21 was £47.7m and income loss was £38.2m. To November 2021/22, expenditure has been £18.7m and income loss £9.9m. Both these claims having included lock down periods.

We therefore welcome news of the better-than-expected settlement and that it will allow the Council to focus on efficiency savings and we look forward to scrutinising the draft proposals at our February meeting.

Budget consultation

The Committee notes the priorities identified in Ask Cardiff for 2022/23 were education, vulnerable children, vulnerable adults, recycling and waste services, street cleansing, homelessness and housing. We note there will be some projects that are still considered of benefit to the public even though Ask Cardiff identifies them as low priority. You acknowledged the importance of hearing from young people in deciding final priorities for the City and that you need to look for different ways to connect with this key groups.

Scrutiny engagement in budget consultation

The Ask Cardiff consultation has clearly become an indicator of public priorities through which the budget might be influenced. Late settlements and other budget consultation can limit the opportunity and scope to make any substantial budget changes resulting from the Ask Cardiff consultation. Some feedback next year on

budget changes which do result from the Ask Cardiff consultation would clarify its status.

The Committee re-iterates its request that pre-decision scrutiny of the full Ask Cardiff consultation is a planned stage in the decision-making process prior to publication. Without that stage PRAP is unable to offer any meaningful input into the consultation process so that bringing budget consultation to committee as a topic in its present form, lacks validity.

Finally, on behalf of the Committee, thank you for your continued support for the internal challenge of the Council's financial planning. This letter captures the observations and comments of Members and, as there are no formal recommendations, it does not require a response.

Yours sincerely,

COUNCILLOR DAVID WALKER
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc   Members of the Policy Review & Performance Scrutiny Committee;
          Chris Lee, Corporate Director Resources;
          Gareth Newell, Head of Performance and Partnerships; and
          Mr David Hugh Thomas, Chair, Governance & Audit Committee
          Chris Pyke, OM Governance & Audit
          Tim Gordon, Head of Communications & External Relations
          Jeremy Rhys, Assistant Head of Communications and External Affairs
          Alison Taylor, Cabinet Support Officer
          Joanne Watkins, Cabinet Business Manager;
          Andrea Redmond, Committees Support Officer.

This page is intentionally left blank

Date: 20 January 2022

Councillor Chris Weaver,
Cabinet Member Finance, Modernisation & Performance,
Cardiff Council,
County Hall,
Cardiff
CF10 4UW

Dear Chris,

Policy Review & Performance Scrutiny Committee: 18 January 2022

Thank you for attending the Policy Review and Performance Scrutiny Committee for policy development scrutiny of the Council's Performance Management and Data Strategy. Would you also please pass Members' thanks to the Chief Executive, Paul Orders, Corporate Director Resources, Chris Lee, Head of Performance and Partnerships, Gareth Newell, Dylan Owen, Chris Lloyd and Kane Woodking who attended in support of this item.

Performance Management Framework

The Committee welcomed the new Planning and Performance Management Framework you have developed over the last 18 months, that has self-assessment at its core; we also welcome your recognition of the roles of Scrutiny and this Committee's Performance Panel in the new arrangements. Following discussion Members have asked that I relay some observations.

Robust performance dialogue

The Committee wishes to highlight the role of the PPDR process in the performance management framework and question whether it is sufficiently robust to support the new planning arrangements. You commented that the quality of conversations between managers and staff may need attention. There will be scope for directorates to encourage and expect such conversations on a more regular basis. We endorse the need for further guidance on regular informal but planned engagement with direct reports which could include both work output and well-being topics.

Members wish to reinforce the point that all managers will need to develop their performance evaluation and mentoring skills so that there is consistency in the quality and depth of conversations across the Council.

Tackling performance challenges

The Committee is keen to establish how Directorates will address performance challenges revealed by the quarterly snapshots, for example high absence levels, budget overspends or output delivery shortfalls.   We note the top-down conversations that focus on the critical performance challenges represent a shift from the more bureaucratic quarterly performance reporting system. This will result in sharper conversations based on better performance reporting that clarifies the real issues. Exactly how this review process will operate within directorates will need to be clearly set out and explained so that it becomes the accepted norm.

External assessment

Members sought clarification as to the role and timing of the proposed Council-appointed external Performance Panel peer assessment. We note the assessment should take place at least once during an administration's tenure and will take the form of peer challenge to establish whether the Council has systems and processes in place that enable it to deliver its objectives and identify risks appropriately.

The Committee was informed that if a Council's performance is assessed to be of concern and there are increasing risk levels reported by the external Performance Panel, Welsh Government Ministers are able to apply sanctions or intervene directly.

The Council's own PRAP-led Performance Panel will continue to operate as it does presently, having different terms of reference to those of the external Panel referenced above.

Training for Members

Members highlighted the value of bespoke training to ensure Scrutiny Members are familiar with the performance reporting framework and how to drill down and access information to inform their lines of enquiry in preparation for scrutiny. We therefore urge that you factor this into the Members' induction programme planned for post-election.

Budget and Performance reporting alignment

This Committee has previously encouraged closer alignment of budget and performance reporting. We note there will continue to be separate monitoring reports. However, the Council has moved to ensure that review discussions, particularly with those responsible for substantial budgets, include discussion of the manager's financial goals and their achievement alongside other performance data. It is your intention to continue developing the further integration of financial and performance review and reporting.

We note that where Directorates are over-spending, the Chief Executive will expect a plan of action from the Director, and that typically there will be 4-5 performance areas requiring intervention following high level discussions. Alongside this we heard of a move to ensure that Directors and their senior reports are fully aware of their agreed spending limits and their accountability for keeping within them.

Data Strategy

The Committee welcomed the possibilities created by the new style of reporting performance information based on sound collection and use of data. We heard that controls will be put in place to ensure data is held safely.

Sharing public service data

Whilst Members are pleased that the performance management framework is up and running internally, they wish to emphasise the potentially huge benefits ahead if public services succeed in sharing their data. This is particularly and strategically important in establishing a '*single view of the child*'. We note a project to achieve such sharing of data is underway led by the Council and, notwithstanding the complexities and problems which will be encountered, within 18 months-2 years we can look forward to it coming to fruition.

Comparability of service delivery

Members wish to highlight that the past few years of homeworking by Council staff has revealed some disparity of responsiveness and effectiveness across Council service areas. There have been some performance improvements but also some perceived falling levels of service delivery unrelated to Covid constraints. We would

like to see that the new data system has the capacity to measure and report performance effectively. Where there are high levels of homeworking it will be important to track progress to ensure a level of comparability across all services in the maintenance or improvement of performance. Members are also aware of service areas which have used the recent crisis to innovate and positively adapt ways of working, but this is not seen as having been a consistent process across the board.

Timelines

The Committee noted that prioritising data for use in the Performance Management Framework will be driven forward during 2022. We note it will potentially take up to a further year to integrate all internal data sets and embed the processes. There are currently skill shortages and a need to train the network of performance and data management leads within the Council.

My sincere thanks once again for the time you commit to the scrutiny of Council performance. As this letter conveys the Committee's concerns and observations but makes no formal recommendations I will not expect a response.

Yours sincerely,

COUNCILLOR DAVID WALKER
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc   Members of the Policy Review & Performance Scrutiny Committee
       Paul Orders, Chief Executive
       Chris Lee, Corporate Director Resources
       Gareth Newell, Head of Performance & Partnerships
       Dylan Owen, OM Policy & Improvement
       Chris Lloyd, Enterprise Systems & Data Manager
       Kane Woodking, Senior Business Analyst
       Mr David Hugh Thomas, Chair, Governance & Audit Committee
       Chris Pyke, OM Governance & Audit
       Tim Gordon, Head of Communications & External Relations
       Jeremy Rhys, Assistant Head of Communications and External Affairs
       Joanne Watkins, Cabinet Office Manager
       Alison Taylor, Cabinet Support Officer
       Andrea Redmond, Committees Services Officer

Date: 23 February 2022

Councillors Huw Thomas
Leader, and Chris Weaver, Cabinet Member
Finance, Modernisation and Performance,
City of Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear Huw and Chris,

Policy Review & Performance Scrutiny Committee: 23 February 2022.

Thankyou both for attending the Policy Review and Performance Scrutiny Committee today for consideration of the draft Corporate Plan 2022-25 and the draft Budget Proposals 2022-23. Following my final budget scrutiny as Chair I wish to convey the Committee's gratitude for your co-operation. I concur with your sentiment that we have successfully established a constructive relationship between Cabinet and Scrutiny over the past 5 years for the benefit of the city and its services. Please also pass my sincere thanks to the Chief Executive, Corporate Directors, and senior officers in attendance to answer Members' questions.

Members commend officers on the production of the Corporate Plan and acknowledge that the robust constructive framework within which it is developed is central to the Council's self-assessment arrangements. We are particularly proud that the Performance Panel, created from this Committee, plays its part in the process and that the Chief Executive considers it a model of best practice. That said, Members have asked me to pass on the following observations and concerns. Firstly, comments on the Corporate Plan; secondly on the Corporate Revenue Budget; followed by our comments on the Capital Programme.

Corporate Plan 2022-25

Accessibility

The Corporate Plan is clearly a valuable reference document for internal stakeholders to measure performance, however Members were keen to establish how accessible you consider it for our external stakeholders, particularly given the

City of Cardiff Council, Atlantic Wharf, Cardiff Bay, CF10 4UW E-mail: D.Walker@cardiff.gov.uk

intention to reach out more with the commitment in the Plan to develop and publish a new Citizen Engagement Strategy by October 2022. We note the Plan's complexity reflects the scale of Cabinet's ambition and the breadth of Council operations, and that social media now delivers key messages in bite sized pieces. We consider an executive summary would be worthwhile and we **recommend** that you ensure the Council's Communications & External Relations service is central to the engagement strategy.

Citizen Engagement Strategy

Members welcomed the prospect of a new Citizen Engagement Strategy that addresses a multi-channelled world but raised a concern that there are many citizens who claim they are unsighted on online surveys and social media posts. We were therefore pleased to hear that the forthcoming strategy, in focussing on participation in decision-making alongside consultation, will return to some face-to-face engagement.

Out-of-hours access to services

Members are of the view that the new administration will need to examine social media online access to services. It is felt that the availability of Council services through social media is poor outside of normal Council opening times. We note the Leader's commitment that this too will form a part of the Citizen Engagement Strategy and the Chief Executive's confidence in future out of hours capability.

Southern Arc

The Committee observed there was little reference in the Corporate Plan to inequalities of the Southern Arc, as had been the case in many previous Plans. We were keen to establish the results of Council actions in this area. We note this narrative has been replaced with Covid updates and the Leader's conviction that the Southern Arc remains front and centre, as evidenced by schools' investment, job support, money advice services, living wage policies, expansion in council housing and addressing health inequalities through stronger collaboration with the Health Board.

Customer service & performance assessment

The Committee wishes to place on record its thanks to those officers that have visibly gone above and beyond during the pandemic, officers in the Social Services Directorate were mentioned by one member. Members suggest that the incoming administration examines more closely how individual services have performed throughout the pandemic. Members cited examples of poor front facing service experience in some areas and consider this will be important to correct with the introduction of hybrid working. We were pleased to note the Chief Executive's view that, going forward, there would be a resumption of management guidance on customer service and work is in progress to again raise the profile of customer service following a previous inquiry and accepted recommendations of this Committee. In similar vein Members highlighted the opportunity, with the introduction of hybrid working, for HR to broaden its range of services to include organisational development expertise and staff capable of offering facilitation to team development activities.

Council services

Members note, with the increasing NHS waiting lists, the Council should perhaps be doing more to support citizens awaiting diagnosis, treatment, or facing difficulty coping at home either physically or financially. We note the locality approach with community connectors will ensure more community preventative work, and in the future, there will be a suite of indicators that measures progress.

The Committee is concerned that the Council continues to face waste management challenges including missed assisted lifts, failed collections in some areas and high absence levels. The Council's recycling level falls well below the Wales average which is the most suitable comparator. We note your view that the 4-day week has had a positive impact and the ongoing pilot scheme is improving recycling rates and may need to be rolled out by a new administration.

Finally, Members wish to ensure that the Socially Responsible Procurement Strategy ensures that small businesses are enabled to bid for Council work effectively. We consider there is merit in consulting with small businesses to seek feedback on their experiences in this respect. We **recommend** that a review process is set up to seek the views of local businesses which have engaged or would wish to engage with

Cardiff's procurement system, particularly those which are small in size and resources. There is also scope for officers to assess how accessible the application process is for small businesses who are inexperienced in the complexities of bidding for public sector contracts.

Corporate overview of Budget Proposals 2022/23

COVID related pressures

With the removal of the Covid Hardship Fund, given that the Council has claimed over £120m from that fund over the last 2 years, Members were keen to establish how a figure of £10m was arrived at for the ongoing Covid related pressures the Council faces. We note you recognise that £10m is less than previous year's costs and that you will be monitoring the position throughout the year and will use reserves if necessary. We also note that income has not yet reached pre-Covid levels, and you are forecasting a £5-6million reduction in income for 2022/23.

Members sought to establish levels of Covid related spend in the past two years and therefore what risks are inherent in the Covid-19 recovery plan. We inquired whether there is a RAG rating that allows an assessment of whether £10m will be sufficient, and therefore what levels of reserve may need to be used. We note the Council has spent £2m per month so far at month 9 and there are still some significant costs outstanding. We also note that some income is delayed rather than lost, that earmarked reserves are available for corporate recovery, and are marked as an amber risk.

Non-domestic rates

The Committee highlighted the risk of continuing business failures leading to lower levels of non-domestic rates. We note the economic development agenda and Corporate Plan steps to support the City Centre recovery. Members also acknowledge that business rates are pooled in Wales and re-distributed through revenue grants, many of which have supported businesses throughout the pandemic with the Council ensuring available grants are quickly made available to frontline businesses.

Cost of borrowing – revenue budget

Given the increasing interest rates and increasing energy costs, Members were keen to establish the potential increases in the cost of borrowing faced by the Council. We were reassured that the Council has regular contact with external advisors on this matter and has also factored in contingency funds to address energy price increases of 13% and 24%.

Budget Consultation

Members highlighted a reliance on the poorly supported Ask Cardiff survey alongside budget consultation to set budget priorities. There are also pressures to address the very disappointing response from young people. We note the forthcoming Citizen Engagement Strategy will seek to address this and apply a cost benefit analysis to Ask Cardiff. We look forward to seeing its results.

Council tax increase

The view was expressed that, against a backdrop of increasing costs of living, a 1.9% increase in Council Tax is a material increase for the standard hard-working resident and a freeze might be more appropriate in the current economy. We note your view that the medium-long term security of Council services is paramount, and you consider a balance has been struck.

Free school meals

Members sought clarification that Welsh Government will pick up the whole cost of free school meals. We accept your offer of a response from the Director of Education on this matter with details of the phased implementation plan which will include an assessment of extra staff and kitchen equipment costs which will affect most schools.

Linking budget and performance

The Committee remains interested in the progress you are making in linking the Council's budget to performance outcomes. We note there has been an improvement in performance reporting over the past 5 years. The Council has moved on noticeably and therefore we would expect to see further progress in pursuing the link between Budget Strategy and Corporate Plan, with an emphasis on bringing both forward to Directorate performance challenge sessions.

Recruitment

We note the net increase in staffing proposed by this budget. As the Council aspires to be a more inclusive workforce it is important that we target BAME communities effectively and we look forward to hearing of progress on the recruitment of a representative workforce at all grades through the work of the Race Equality Taskforce.

Capital Programme 2022/23 – 2026/7

Risk

Members are aware that there are inherent risks in the Capital Programme, such as materials supplies, building costs and the capacity to deliver and stay on track. We note that any capital project is always based on a business case, which will include the cost of any borrowing and be prudent in terms of debt repayment levels. The Governance and Audit Committee regularly reviews borrowing and risk. Members felt that published quarterly rather than annual monitoring of borrowing risk would identify issues sooner, particularly where there is geopolitical inflationary activity. The Committee is therefore seeking reassurance of the Council's total risk exposure. Whilst you report that there are no red flags at present, **we request** that you supply Members with information in respect of the total borrowing sums and their terms, included in all business cases.

Projects

The Committee heard that, whilst a decision and business case is outstanding in respect of core office arrangements, the Council is prepared for the costs associated with priorities such as the building renovation/development associated with introducing an agile working model. A published fully costed analysis would be a helpful source of information for scrutiny members.

The Committee was advised there is as yet no identified location for the Household Waste Recycling Centre for North Cardiff, however the project continues to be listed in the capital programme. Members noted a lack of any progress in acquiring a site to build this replacement centre

Cost of borrowing – capital programme

Members expressed concern that some capital investment does not generate income for the Council to repay the cost of borrowing and cover the final debt. We note the Council must invest in its assets and deliver an infrastructure for the future and often the income comes from Welsh Government. We are reassured by the section 151 officer, who has indicated that the Council's approach is robust and within appropriate limits. However, given that borrowing has increased over the past 5 years and may limit borrowing in future years the **Committee requests** that you provide Members with details of the costs associated with servicing the debt.

Section 106 funding

The Committee acknowledges the sizeable contribution from section 106 planning gain money for schools' construction, however, considers a vital piece of future research would be to assess the total costs the Council would incur and the balance between 106 contributions and money the Council will need to find itself. This is particularly important given that five new schools are projected for NE Cardiff LDP area and potentially a similar number in the west of the city. You suggested that the Directors of Education and Finance would collaborate to provide this analysis, and we are therefore **requesting** that is provided to the committee.

Members are also making an **additional request** for a list of highways improvements implemented across the city, including the costs by ward.

Requests following this scrutiny:

- That you supply Members with information in respect of the total borrowing sums and their terms included in all Capital Programme business cases.
- Given that borrowing has increased over the past 5 years and may limit borrowing in future years the Committee requests that you provide Members with details of the costs associated with servicing the capital programme debt.
- That the Directors of Education and Finance collaborate to provide analysis. of research to assess the total costs the Council would incur for schools' construction, and the balance between section 106 contributions and money the Council will need to find itself.
- A list of highways improvements implemented across the city, including the costs by ward.

Recommendations to be monitored following this scrutiny:

To summarise, the Committee makes 2 formal recommendations which are set out below. As part of the response to this letter I would be grateful if you could, for each recommendation, state whether the recommendation is accepted, partially accepted, or not accepted and summarise the Cabinet's response. If the recommendation is accepted or partially accepted. I would also be grateful if you could identify the responsible officer and provide an action date. This will ensure that progress can be monitored as part of the approach agreed by Cabinet in December 2020.

Recommendation	Accepted, Partially Accepted or Not Accepted	Cabinet Response	Responsible Officer	Implemen-tation Date
1. That you ensure the Council's Communications & External Relations service is central to development of the Citizen Engagement Strategy.				
2. That a review process is set up to seek the views of local businesses which have engaged, or wish to engage, with Cardiff's procurement system, particularly those which are small in size and resources, to assess how accessible the application process is for small businesses.				

On behalf of the Committee and the Scrutiny service, thank you for your commitment in engaging with the five Scrutiny Committees, both in respect of the Corporate Plan 2022/25 and of the Budget Proposals 2022/23. I sincerely hope the new administration of the Council will take forward the tone of constructive challenge that we have sought to establish between Cabinet and Scrutiny in recent years.

Yours sincerely,

COUNCILLOR DAVID WALKER
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

City of Cardiff Council, Atlantic Wharf, Cardiff Bay, CF10 4UW E-mail: D.Walker@cardiff.gov.uk

cc   Members of the Policy Review & Performance Scrutiny Committee
Paul Orders, Chief Executive
Chris Lee, Corporate Director Resources
Sarah McGill, Corporate Director, People & Communities
Ian Allwood, Head of Finance
Anil Hirani, OM Capital, Corporate & Treasury
Gareth Newell, Partnership and Community Engagement Manager
Dylan Owen, Head of Cabinet Office
Gary Jones, Head of Democratic Services
Mr David Hugh Thomas, Chair, Governance & Audit Committee
Chris Pyke, OM Governance & Audit
Tim Gordon, Head of Communications & External Relations
Jeremy Rhys, Assistant Head of Communications and External Affairs
Joanne Watkins, Cabinet Support Office
Debi Said, PA to Leader

City of Cardiff Council, Atlantic Wharf, Cardiff Bay, CF10 4UW E-mail: D.Walker@cardiff.gov.uk

This page is intentionally left blank

Neuadd y Sir
Caerdydd,
CF10 4UW
Ffôn: (029) 2087 2088
www.caerdydd.gov.uk

County Hall
Cardiff,
CF10 4UW
Tel: (029) 2087 2087
www.cardiff.gov.uk

CARDIFF
CAERDYDD

Cyf/My Ref:::
Eich Cyf/Your Ref::: T: Scrutiny/PRAP/Comm Papers/Correspondence

Dyddiad/Date: 24 February 2022

Cllr David Walker
Chairperson, Policy Review and Performance Scrutiny Committee
City of Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear David

Policy Review & Performance Scrutiny Committee 23rd February 2022

Thank you for your letter dated 23 February 2022 and the useful comments raised. I can assure you that Cabinet was able to reflect on the points raised prior to our meeting on 24 February 2022.

Some specific comments in respect of the points made in relation to the Corporate Plan, Corporate Revenue Budget and Capital Programme are included below:

Corporate Plan 2022-25

The Committee's comments in relation to accessibility are noted and as requested, please find attached at Appendix A, a response to the recommendation made by your Committee in respect of the role of the Council's Communications Services. In summary, the recommendation is accepted, and the Service will be a key part in the development of the Citizen Engagement Strategy moving forward.

In respect of the Committee's second recommendation, Appendix A also contains the response in relation to seeking the views of local businesses wishing to engage with the Council's procurement system. In summary, the recommendation is accepted, and details will be included in the new Socially Responsible Procurement Strategy and progress against this will be reported annually.

Finally, following the discussion on customer and council services and access to services, Cabinet has escalated work being undertaken in this area as part of a managed transition to hybrid working. Therefore, a new step *"Introducing new customer service standards and working practices which ensure quality of service as part of the transition to hybrid working;"* will be included in the final draft post Cabinet of the Plan that goes to Council.

Corporate Overview of Budget Proposals 2022/23

GWEITHIO DROS GAERDYDD, GWEITHIO DROSOCH CHI
Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg, Saesneg neu'n ddwyieithog.
Byddwn yn cyfathrebu â chi yn ôl eich dewis, dim ond i chi roi gwybod i ni pa un
sydd well gennych. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

WORKING FOR CARDIFF, WORKING FOR YOU
The Council welcomes correspondence in Welsh, English or bilingually. We will
ensure that we communicate with you in the language of your choice, as long as
you let us know which you prefer. Corresponding in Welsh will not lead to delay.

Page 167

UCHELGAIS
PRIFDDINAS
CAPITAL
AMBITION

The Committee's comments in relation to key strategic build elements within the budget are noted.

One specific was raised in relation to planned implementation of Free School Meals (FSM) for primary aged pupils. After referring the matter to Education Officers, the Council is working closely with Welsh Government as they develop their policy in this area and will report back to the Committee when an update is available which will also include an update on any implications on the Pupil Development Grant.

Capital Programme 2022/23 – 2026/27

The Committee's review and comments in respect of the Council's proposed Capital Programme for 2022/23 – 2026/27 are noted.

In respect of details requested in terms of borrowing, the Council carries out its borrowing activities resulting from its capital strategy in accordance with the Treasury Management Strategy approved by Council at the start of each financial year (with updates to both Council and Governance and Audit Committee during the year).

The Council does not undertake external borrowing for specific capital projects. It borrows to meet its overall Capital Financing Requirement and currently has a single pool of borrowing which includes the Housing Revenue Account.

The Treasury Management Strategy which is included at Annex 4 to the Cabinet budget papers includes significant detail in accordance with CIPFA Codes of practice in respect of the Council's borrowing strategy. Similar detail is included in the Council's Capital Strategy Annex 3.

To summarise, the following table included in the Strategy at Annex 3 shows the actual level of external borrowing currently held by the Council, external borrowing taken to date in 2021/22 and scheduled loan repayments in future years. It compares this to the projected need to borrow based on estimates and timing of the Council's capital expenditure, proposed MRP policy and indicative funding plans as set out in the budget report for 2022/23. This highlights the requirement for the Council to undertake further external borrowing in future years, however the detailed terms of any borrowing will be subject to interest rates, timing of any borrowing and progress on delivering the programme. Regular review of forecasts is undertaken throughout the year as well as annual updates of the strategies as part of the annual budget process.

Indicator							
Gross External Borrowing and the Capital Financing Requirement							
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
External borrowing at 1 April	829	811	857	838	840	836	830
Known / New borrowing	3	73	4	6	tbc	tbc	tbc
Scheduled repayments	(21)	(27)	(23)	(4)	(4)	(6)	(9)
External Borrowing at 31 March	**811**	**857**	**838**	**840**	**836**	**830**	**821**
Capital Financing Requirement	841	910	1,030	1,257	1,393	1,424	1,434
Shortfall / (Surplus) borrowing requirement	**30**	**53**	**192**	**417**	**557**	**594**	**613**
Requirement as % of CFR	**3**	**6**	**19**	**33**	**40**	**42**	**43**

In terms of the request for further information on the costs associated with servicing debt, the total cost projected for 2026/27 currently is £109M being repaid from General Fund and HRA Budgets, broken down as net General Fund Capital financing costs £41M, general expenditure undertaken on the basis of borrowing paying for themselves £29M and Housing Revenue Account £39 million. These projections will be subject to progress on projects, timing and rates of any borrowing requirement as highlighted in the Treasury Management Strategy for 2022/23 and future years.

All borrowing is undertaken in accordance with the CIPFA Prudential Code and CIPFA Treasury Management Code requirements in respect of affordability, prudence, proportionality, and sustainability of borrowing and numerous indicators are used to monitor and manage the position.

The affordability indicators referred to above and included in the Capital Strategy within the affordability section are replicated below.

In accordance with the principles of Invest to Save, the net ratio assumes that any costs of undertaking additional investment are recovered over time from directorate or other revenue budgets. A number of projects are being made on an invest to save basis, and you can see the net position if they progress according to the parameters set out in their approved business case. However we feel it is also important to note that we are also aware of and report the gross or worst case position which is felt prudent and affordable with mitigations in place.

A gross ratio is also calculated which indicates the gross capital financing cost i.e. it represents a worst-case scenario, highlighting the proportionality of such investment.

Indicator							
Ratio of Financing Costs to Net Revenue Budget Stream							
	2020/21 Actual %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
General Fund – Net Capital Financing Budget	4.73	4.77	4.58	4.69	4.71	4.70	4.90
General Fund – Gross Capital Financing Budget	6.99	7.18	6.90	7.50	8.22	8.39	8.44
Housing Revenue Account (HRA) – Gross Capital Financing Budget	32.72	32.24	32.16	33.36	36.23	38.49	37.72

Two additional local indicators are also produced for the General Fund only, to support decision making and are shown in the tables below for the period up to 2026/27. The first indicator shows the ratio of capital financing costs expressed as a percentage of its controllable revenue budget. This excludes expenditure on levies, Council Tax support and delegated school's budgets.

	Indicator							
	Capital Financing Costs expressed as percentage of Controllable Budget							
	2011/12 Actual %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %	Difference 11/12-26/27 %
Net	13.47	11.23	9.83	10.14	10.19	10.21	10.68	(20.71)
Gross	15.17	16.83	14.73	16.11	17.66	18.12	18.34	20.90

The second additional indicator below for the General Fund and HRA highlights the impact of the increasing Capital Financing Requirement (Debt) as a ratio of the projected Net Revenue Stream. It is an indicator of financial sustainability and helps to explain the relationship of debt to the resources available to deliver services.

	Indicator							
	Capital Financing Requirement (Debt) as a ratio of the Net Revenue Stream							
	2011/12 Actual %	2020/21 Actual %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
General Fund	0.72	0.82	0.84	0.89	1.07	1.13	1.10	1.06
Housing Revenue Account (HRA)	2.24	3.78	4.13	4.43	4.97	5.39	5.41	5.35

The Committee commented on the potential capital costs of the move to agile / hybrid working. This is being considered further and will form part of the review of Core Offices that will come forward later this year.

In relation to Section 106 funding, you requested some analysis is provided on current plans to utilise such funding for the school estate and the balance that would need to be found via the Council's own funding. The Director of Education will provide the Committee with a baseline position in respect to the schools identified in the LDP and will set out the next steps in terms of providing information including estimated cost, timescales and the other factors that need to be taken into consideration. The Children's and Young People Committee will continue to be updated with school building throughout the year.

Finally in response to the Committee's request for a list of highways improvements implemented across the City on a ward basis, the Director of Planning, Transport and Environment will collate the information required and as part of that exercise consider the level of detail that can be presented on a geographical basis. A response will be provided to Committee as soon as this is available.

I hope that this response captures all the points raised in your letter and thank you again for your support in the budget process.

Yours sincerely

Y Cyng |Cllr Huw Thomas
Arweinydd Cyngor Caerdydd | Leader, Cardiff Council

Y Cynghorydd/Councillor Christopher Weaver
Aelod Cabinet dros Gyllid, Moderneiddio a Pherfformiad/Cabinet member for Finance, Modernisation & Performance

cc
Members of the Policy Review & Performance Scrutiny Committee
Paul Orders, Chief Executive
Chris Lee, Corporate Director Resources
Sarah McGill, Corporate Director, People & Communities
Ian Allwood, Head of Finance
Anil Hirani, OM Capital, Corporate & Treasury
Gareth Newell, Partnership and Community Engagement Manager
Dylan Owen, Head of Cabinet Office
Gary Jones, Head of Democratic Services
Mr David Hugh Thomas, Chair, Governance & Audit Committee
Chris Pyke, OM Governance & Audit
Tim Gordon, Head of Communications & External Relations
Jeremy Rhys, Assistant Head of Communications and External Affairs
Joanne Watkins, Cabinet Support Office
Debi Said, PA to Leader

Recommendation	Accepted, Partially Accepted or Not Accepted	Cabinet Response	Responsible Officer	Implementation Date

1. That you ensure the Council's Communications & External Relations service is central to development of the Citizen Engagement Strategy.	Accepted	The Council's Communications & External Relations team have played an increasingly important role in the Council's consultation and engagement work, particularly over the course of the Covid-19 pandemic where the Council has had to rely predominantly on digital channel of communication. This will continue to be the case and they will be a central role in the development of the Citizen Engagement Strategy. Consideration will also be given to the production of an executive summary of the Corporate Plan in future years.	Gareth Newell	October 2022

2. That a review process is set up to seek the views of local businesses which have engaged, or wish to engage, with Cardiff's procurement system, particularly those which are small in size and resources, to assess how accessible the application process is for small businesses.	Accepted	The new Socially Responsible Procurement Strategy is currently being drafted. Seven key principles have been agreed which will be central to what we do, one of these is "Making procurement spend more accessible to local small businesses and third sector". The new strategy will set out the actions the Council will take to deliver against each principle. The actions for the above are likely to include raising awareness of how to do business with the Council among local businesses; publishing the Contract Forward Plan online; better understanding of the local supply market by analysing spend data and business directories; undertaking targeted engagement with the Third Sector and local businesses; and working with Welsh Government and the Cardiff Capital Region to deliver a	Steve Robinson	July 2022

		consistent procurement process. More detail on each action will be included in the supporting delivery plan. Progress will be reported on annually.		