

Title of meeting: Governance and Audit and Standards Committee

Date of meeting: 25th September 2015

Subject: Performance Management update - Q1, 2015-16

Report by: Director of HR, Legal and Performance

Wards affected: n/a

Key decision: No

Full Council decision: No

1. Purpose

- 1.1 To report significant performance issues, arising from Q1 performance monitoring, to Governance and Audit and Standards committee and highlight areas for further action or analysis.

2. Recommendations

- 2.1 **The Governance and Audit and Standards Committee are asked to:**
- 1) **note the report; and**
 - 2) **comment on the performance issues highlighted in section 4, and governance issues in section 6, including agreeing if any further action is required**
 - 3) **Agree the actions proposed in section 5.**

3. Background

- 3.1 The development of more formalised processes for performance management in the city council, and the development of an associated 'performance culture' have taken place over a timespan of around 15 years. The approach began to develop alongside the Best Value regime, and was strengthened in response to the Comprehensive Performance Assessment in 2002. At this stage, a corporate board, the Performance Management and Improvement Board, was established to look at key performance issues and develop responses to areas of concern. The board considered a list of indicators, both local and national, in a 'scorecard' format, as well as more narrative assessments of strategic issues. Following the Moving Towards Excellence review of the authority in 2004-5, the business of the board was subsumed into the work of the then newly-created Strategic Directors Board.
- 3.2 At member level, performance issues were closely tracked by the Policy and Review (Performance) Panel. When political arrangements changed and that panel was wound up, the role of performance tracking moved to the Governance

and Audit Committee (latterly Governance and Audit and Standards Committee), members of which have been enthusiastic and supportive of the performance agenda, recognizing the importance of strong performance management to governance and providing constructive challenge to issues. Reports are taken to Cabinet in a format that combines financial and performance monitoring.

- 3.3 Externally, the model of Comprehensive Performance Assessment developed, changing in nature from a numerical rating model to a more qualitative model, ultimately developing into the Comprehensive Area Assessment. The model and the Audit Commission itself were abolished by the Coalition Government in 2010, who announced an intention to ensure a more bottom-up approach to performance, driven locally by the provision of strong information to a local army of “armchair auditors” who would hold organisations accountable for delivery, although more traditional mechanisms would remain in areas such as children’s services (both for social care and safeguarding and education) and adult social care.
- 3.4 This development provided a challenge to the organization as it was, where views of performance were largely shaped by the indicators and targets paradigm of the previous models. The organisation needed to find a new way in which to assess and manage its performance, which had an authentic connection to what the organisation was trying to achieve and how it was working to do so. It was therefore agreed that Heads of Service would develop business plans for their services, setting out the service priorities, measures and milestones, along with risks, and that quarterly reports on progress against these would be submitted, highlighting areas where we were performing well, areas that needed careful watching to ensure problems did not arise, and areas where there were significant concerns.
- 3.5 It quickly became apparent that there were some challenges with this approach. Firstly, some areas of the authority rejected the need for reporting of performance at all. Others were strongly self-selecting, choosing to use the reports to “promote” the work of the service, rather than providing a rounded picture of performance across the full scope of services. There was also an extent to which, without a requirement to present against nationally set targets, performance began to be described in a Portsmouth “bubble” - little information was provided about how outputs and outcomes achieved in the city compared with those being achieved elsewhere (including in financial terms). So, an activity or outcome could be described as “good” because it had perhaps improved on the position achieved in Portsmouth previously - even if this put Portsmouth’s performance towards the bottom of national comparators, or meant we were relatively much more expensive.
- 3.6 To counter this, Strategic Directors set clear themes against which reports were required, and requested that these should include benchmarking information. Whilst this led to improvements in the scope of reports, it is true to say that there was strong resistance to the idea of using benchmarking data as a starting point for discussion or debate (with the notable exception of children’s social care services).
- 3.7 This situation was continuing to develop at the point of the management restructure, which removed the strategic director layer from the organization. The recasting of

services and responsibilities meant that there have been a number of organizational adjustments required, but it has been clearly set out by the Chief Executive, and supported by Governance and Audit and Standards Committee, that there is still an expectation that service Directors set out their priorities in business plans for their directorates, and report against these on a quarterly basis. There is also an expectation that these reflect comparative data where relevant, particularly in light of cost pressures on the organization and understanding where we are relatively more expensive.

- 3.8 Strong and consistent corporate performance management is critical to ensuring strong governance in the organisation and promoting accountability. Corporate performance management should be providing a means of oversight, looking at issues of compliance with legislation and policy on some issues, and providing a prism through which the impact of compliance with policy can be considered.
- 3.9 On accountability, there is a relationship between the senior leaders of the organisation and services around performance and delivery, but a further relationship between the organisation and stakeholders, including residents – in terms of providing information about performance, including about context, costs and outcomes achieved; in other words the value for money that is being achieved.

4. Reporting for Q1, 2015 -2016

- 4.1 This report is part of the regular series of quarterly report highlighting significant performance issues across the organisation, although the first compiled in the new organisational structure. The report is based on the quarterly highlight reports prepared by Directors.

- 4.2 In compiling reports, directors were asked to consider:

1) Highlights

- What has gone well in Q1?
- What milestones have been achieved?
- What areas of your business are performing well?

2) Areas for concern

- What has not gone as well this quarter?
- What milestones have not been achieved?
- Which areas of your business are causing concern?
- What help is required from other Directors?

3) Areas to watch

- What is concerning you about the rest of the year - what are you worried will not be achieved or will not go as well as hoped?

4) Risks

- What are the major risks in your area at present?
- How likely are they to become live issues and what will be the implications?
- What assistance is needed to manage these?

- 4.3 Directors were not provided with a template, so that they could present the information in whatever seemed to be the most suitable format for their directorate.

However, given the disparity in styles and content, it is suggested that a template is provided for future quarters.

- 4.4 A full return has not been received from the Director of Property, who has instead opted to provide an early draft of a paper setting out possible implications of the changes to housing finance - in effect, a section of the risk element requested. This means that no commentary is available around (for example) local authority housing services, our work on private sector housing, housing options, the corporate property portfolio, landlord services, buildings maintenance (including the control of legionella and asbestos) and waste management, where we have attracted headlines for performance that is considered to be amongst the worst for local authorities nationally, and carries itself very significant financial implications.
- 4.5 What becomes apparent from the reports is that whilst there are some directorate-specific issues highlighted, the common themes that might be worth considering are the same as in the set of reports under the previous structure. Issues include:
- **demand**, where this is seen to be increasing despite an accepted need to reduce demand;
 - challenges in delivering on change projects already in the pipeline to **reduce costs** and particularly to **deliver on income**;
 - workforce **capacity** in some areas critical to longer term objectives,
 - **sustainability of services**;
 - some difficulties in describing **impact**.
- 4.6 Summaries of the reports are attached at Appendix 1, and areas that may be of particular interest to the committee are listed below, with particular reference to these themes:
- **Children's Social Care and Safeguarding** have achieved a good outcome from the HMIP inspection of Youth Offending Service undertaken in May/June, and performance across the services against statutory indicators continues to be strong; however, demand continues at a high rate - open cases and child protection plans show an increase (although remain lower than the average rate in statistical neighbour authorities)
 - **Adult's Social Care** continues to have concerns about unsafe discharges from QA wards; and the implementation of the Care Act raises issues in relation to **capacity** to undertake the necessary finance work, and the anticipated increase in assessments required (**capacity and sustainability of service**).
 - **Education and Strategic Commissioning** have established a Youth Advisory Team established, showing immediate impact with a significant reduction in the proportion of 16-18 year olds who are NEET and unknown. More schools have moved to a good Ofsted judgement, and we have seen some achievement indicators improve for the fourth year running - however, the deep rooted challenges that face education in Portsmouth are not diminishing and we have achieved below where we would have hoped in both KS2 and KS4 this year (unvalidated data) (**impact**).

- **Transport, Environment and Business Support** report that capital engineering and network schemes have been delayed due to event travel planning activity, and some annual campaigns have been scaled down due to lack of staff and resources (**capacity**); and that there are concerns about the ability to achieve the planned capital spend (**capacity**).
- **Regulatory Services, Community Safety and Troubled Families** have successfully recruited a Prevent co-ordinator for the city; and been part of the development of expanded provision to support high risk victims of domestic abuse. However, food inspection rates have not met Food Standards Agency requirements and expectations of Environmental Health services from third parties have not been matched by resources and ability to deliver (**capacity**).
- **City Development and Cultural Services** report that predicted visitor numbers to the city have increased, and that good progress is being made on employment and skills plans progress.

- 4.4 Governance and Audit and Standards Committee are asked to consider the issues above, and summary highlight reports attached at Appendix 1, and agree any further action required.
- 4.5 At the last meeting the committee also requested a specific update on performance regarding compliance with timescales for responding to Freedom of Information requests. The current position is that for the last quarter, 196 FOI requests were received, and 81% were responded to within 20 days. This compares favourably to the same quarter in the previous year, where 229 requests were received and the response compliance rate was 79%. However, this should be placed in an overall context that since the beginning of the year, we have actually received 50 more requests than for the same period in 2014 (a 5% increase). There are no obvious trends or issues explaining the overall variation or that within the quarters, and the change in organisational structures has made it difficult to make comparisons. However, it is possible to see that there has been a significant increase in requests around Children's Social Care and Safeguarding, and that if the trend continues to the end of the year, the increase will be around 50%. There also appears to have been an increase in the number of requests received from businesses (up 29%) but a reduction in the number from journalists (down 37% on the same period last year). However, this may be explained by more journalistic requests being anonymised.
- 4.6 The Committee has previously expressed an interest in the costs of FOI requests. Unfortunately, it is not possible to quantify how much is spent on fulfilling requests, as the only time formally captured is that of the core FOI time, who have wider roles in any case. The time of officers in directorates that is spent extracting information is not captured, although we do rule out requests that are likely to breach limits of time (more than 28 hours to fulfill), and therefore represent an unreasonable cost to the authority. This issue was highlighted in a recent Internal Audit report.

5. Moving Forward

- 5.1 Arguably, current arrangements do not fully satisfy the need for corporate performance to fully inform corporate governance, and there are some improvements which could be made.
- 5.2 The first is to ensure that reports are completed to a common standard, to ensure full coverage of service areas, so that assurance can be provided to members on the strength of performance management taking place. The second is to bring together within the reporting to members a single view of performance on service delivery and outcomes, against project delivery and against risks (including financial risks). The third is to ensure that appropriate comparative data is used to set information in a context, to ensure that appropriate support and challenge can be offered. A range of information sources are available to support such benchmarking, including through the LGA, through CIPFA, audit firms, benchmarking clubs and professional associations, and there should be an expectation from the GAS committee that this information is being considered routinely.
- 5.3 These are not unreasonable or onerous requirements, and should bring together information that is collected in a range of formats already into a single place for consideration. GAS are asked to agree that this is an appropriate direction of travel for future reporting.

6. Significant governance issues

- 6.1 It was agreed at a previous meeting of the Governance, Audit and Standards Committee that significant governance issues arising from the most recent Annual Governance Statement would also be considered alongside the quarterly performance report, and that lead officers for the issues would attend to provide updates to the committee on developments. The issues due for consideration this quarter are:
 - a) **Policyhub** - Policyhub is not accessible to all staff and there is scope to improve the reporting capability.
 - b) There are public buildings that do not come under the auspices of the Council to undertake legionella testing.
- 6.2 The situation with Policyhub is developing quickly, after a period where there have been a number of problems. In order to supply the GAS committee with the most up to date information, Lyn Graham (Chief Internal Auditor) will provide a verbal update to the committee.
- 6.3 A report on the issues regarding legionella testing has been provided on behalf of the Director of Property. This is attached at Appendix 2. The report only includes statistics for Housing and General Fund properties, and the Port has not been included due to a change in personnel. A combined Q1 and Q2 report will be prepared to ensure coverage in this area.

6.4 In addition to the information in the report, there has been other activity to report. The corporate legionella policy was revised in April 2015, to include a clear reporting structure, with named officers in the roles of Responsible Person (legionella) and corporate legionella manager. There are also three designated service specific legionellae co-ordinators which cover the areas of housing, corporate buildings and the Port.

6.5 Members may also wish to know that the corporate asbestos policy is also being updated and is programmed for completion by the end of November 2015. As part of the policy, a structured report will be developed to provide assurance around monitoring, and this could be presented to the panel alongside the Q3 performance report.

7. Equality impact assessment (EIA)

7.1 Any equality matters arising through performance or value for money consideration will be considered as a discrete process, as separate EIAs will be completed for these areas of work.

8. Legal Implications

8.1 The report has incorporated legal implications and accordingly there are no other immediate legal implications arising from this report.

9. Finance Comments

9.1 There are no financial implications to bring to member's attention at this stage. However, it should be noted that there could be further financial implications following further exploration of any of the performance issues raised in this report, and related future reports could result in financial implications. These will be flagged to members at the appropriate time.

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Signed by: Jon Bell, Director of HR, Legal and Performance

Appendices: **Appendix 1 - Summary of directorate performance issues**
 Appendix 2 - Quarterly legionella reporting

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
1.Summary business plans	Individual directorates

The recommendation(s) set out above were approved/ approved as amended/ deferred/
rejected by Governance and Audit and Standards Committee on 25th September 2015.

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Signed by: