



Performance Management – Corporate Assessment Follow-on Review

Monmouthshire County Council

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Status of report

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Summary report

Summary

1. Effectively managing performance is key to helping councils deliver improvement, demonstrate that they are delivering efficient and effective services, and are making the best use of resources. All staff and members in Monmouthshire County Council (the Council) have a role to play in managing performance. For example:
 - members need good-quality performance information to make well-informed decisions, scrutinise performance, and identify areas for improvement;
 - targets provide a clear indication of where the Council intends to improve and should be in line with its Improvement Plan and priorities;
 - performance monitoring and management provide an indication of whether plans are being delivered, and what corrective action is required to address any underperformance;
 - self-evaluation and review of activity form an important part of continuous improvement; and
 - a sound performance management framework supports consistency of approach and shared learning across the organisation.
2. In March 2015, the Wales Audit Office carried out a Corporate Assessment at the Council. We published the findings from the Corporate Assessment in our Annual Improvement Report in November 2015. In respect of performance management, our review considered whether the Council was effectively managing its improvement programme.
3. Our Corporate Assessment concluded that whilst systems, procedures and guidance were in place, the Council was not consistently managing performance, improvement and risks. We came to this conclusion because:
 - the Council had discharged its improvement planning duties under the Local Government Measure; however, more needed to be done to strengthen arrangements to support robust and effective decision making and improvement; and
 - the Council's performance management arrangements were getting better and needed further development to fully support robust and effective decision making and improvement.

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4. Performance management was relevant to several sections of the Corporate Assessment. For example, we examined how the Council defined its vision and ambition in strategic plans, how the Council held partners to account by setting clear targets, and how the Council could demonstrate progress against its improvement objectives.
 5. In our Annual Improvement Report 2014-15, where we summarised the findings from the Corporate Assessment, we made the following proposal for improvement relating specifically to performance management:
 - Improve strategic planning by:
 - ensuring clear links between strategies and agreed priorities; and
 - developing cohesive strategies to underpin and support robust decision making.
 - Further develop and embed performance management arrangements to allow the Council to hold partners to account and to support the Local Service Board (LSB) to deliver its plans.
 - Improve performance management arrangements by:
 - ensuring planned improvements are tangible;
 - improving target setting to better reflect desired improvement and ensuring resources are allocated to deliver Council priorities through the Medium Term Financial Plan (MTFP);
 - developing arrangements to identify intended outcomes, targets and data collection arrangements when services are being delivered through alternative models; and
 - improving data quality arrangements to ensure that performance reporting is accurate and that decisions are made based on robust information.

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6. The Well-being of Future Generations (Wales) Act 2015 (the Act) requires each public body to carry out sustainable development and to set, publish, and take all reasonable steps towards achieving objectives, designed to maximise its contribution to achieving each of the national wellbeing goals¹. Each public body is also required to act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. In 2015, the Council requested that the Auditor General undertook a review of the Council's preparedness for the proposed Act as part of the support provided under the Welsh Local Government Association's Early Adopters' Programme². In respect of improvement planning and reporting, we concluded that 'despite the prominence given in the Council's Improvement Plan to the Future Generations Bill³, and other corporate initiatives to strengthen the Council's desire to embed sustainability issues, its improvement planning and reporting was not yet effectively supporting its ambition to make sustainable development central to the way the Council operates.'
 7. In January 2016, we reviewed the Council's progress in improving its performance management arrangements, including effectively addressing issues raised in the 2015 Corporate Assessment around performance management.
 8. We concluded that the Council has continued to improve its performance management arrangements, and recognises that it has more to do to ensure consistent application of corporate arrangements and to address the requirements of the Act.

¹ The seven wellbeing goals in the Act are:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

² The Early Adopters' Programme of the Welsh Local Government Association helps councils consider their preparedness for the Act.

³ The Future Generations Bill was a draft of the proposed law presented for approval to the National Assembly for Wales about how public bodies are organised to improve wellbeing in accordance with the sustainable development principle. Having been passed by the National Assembly for Wales and having received Royal assent, it is enacted and is the Well-being of Future Generations (Wales) Act 2015.

Proposals for improvement

9. We have made the following additional proposals for improvement that recognise the progress made by the Council and reflect emerging issues.

P1	Develop a high-level, strategic approach linking the Council's sustainable development principle duties under the Act to its strategic vision, overall direction of travel, and the developing local wellbeing plan under the Act.
P2	Demonstrate clearly the links between the Council's strategies and service plans to show how actions will deliver its strategic targets and outcomes.
P3	Set out clearly the financial implications of the Council's service changes within its service improvement plans.
P4	Implement improvements to the budget setting and service planning processes to address weaknesses identified through heads of service challenge sessions.
P5	Review the effectiveness of the data hub in monitoring and managing performance.
P6	Ensure new Public Service Board delivery plans clearly set out relevant actions and resources needed to deliver shared priorities so that each partner, including the Council, is clear what is expected of them.
P7	Ensure accurate data collection and reporting.

Detailed report

The Council has continued to improve its performance management arrangements, and recognises that it has more to do to ensure a consistent application of corporate arrangements, and to address the requirements of the Well-being of Future Generations (Wales) Act 2015

The Council continues to improve the way it manages performance, although, implementation of corporate arrangements is still not consistent, and its arrangements will need further development to incorporate the requirements of the Well-being of Future Generations (Wales) Act 2015

The Council is committed to improving its performance management arrangements

10. The Council has responded positively to our conclusions and proposals for improvement following the Corporate Assessment in 2015. In January 2016, it presented our Annual Improvement Report 2014-15 that incorporated the findings from the Corporate Assessment, and its response to the proposals for improvement, to Cabinet and Audit Committee.
11. The Council has committed to the following actions to improve performance management:
 - Develop the future business model for the Council by March 2016.
 - Ensure the Council's key delivery strategies (Improvement Plan, MTFP, People Strategy, Asset Management Plan and iCounty) all align to the business model by June 2016.
 - Develop a work programme for the next round of the Single Integrated Plan Performance Group by March 2016.
 - Hold member training sessions on scrutinising partnership activity by March 2016.
 - Complete the transition of the LSB to a Public Service board (PSB) by April 2016.
 - Ensure that feedback from residents and regulators is used in developing the Council's annual Improvement Plan by May 2016.
 - Continue to quality assure the Council's performance measurement database to ensure target changes are captured, and an audit trail of changes maintained. Timescale is stated as 'ongoing'.

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- Strengthen target setting arrangements, and revise and recirculate target setting guidance by April 2016.
 - Allocate Internal Audit time appropriately to focus on the data systems underpinning data, as well as the accuracy of the outputs of the data, by May 2016.
 - Implement a policy development and evaluation framework and timetable by June 2016.

These actions indicate a positive and prompt response to the Corporate Assessment proposals for improvement related to performance management.

12. The Council also carried out a self-assessment of the effectiveness of its performance management arrangements and reported this to its Audit Committee in December 2015. For each main element of the improvement framework, officers attributed a subjective rating⁴. The Council rated itself as 'very good' for delivery of the Welsh Government Outcome Agreement⁵; 'good' for improvement planning, service planning, performance data and self-evaluation; and 'adequate' for staff appraisal and risk assessment.

The Council has started to make better links between strategies and to prepare to meet its responsibilities under the Act

13. We concluded in the 2015 Corporate Assessment, that 'the Council had a clearly articulated vision and sense of purpose that took account of its local context, but needed to be supported by a coherent organisational strategy to drive change and deliver its ambition.'
14. In our recent review of the Council's progress in improving its performance management arrangements, we found that the Council had sought to strengthen its strategic planning.
15. The Council's Conservative and Liberal Democrat groups produced a Partnership Continuation Agreement in February 2015, setting the agreed political direction of the Council for the period up to May 2017 when the next local authority elections will take place. These are education, safeguarding vulnerable people, and supporting local businesses and job creation. Since the Partnership Continuation Agreement was agreed, the Council has approved its Improvement Plan for 2015-17 and a MTFP that sets out how the Council plans to use its financial resources.

⁴ The six-point rating is as follows: 1 = unsatisfactory, 2 = weak, 3 = adequate, 4 = good, 5 = very good and 6 = excellent.

⁵ Monmouthshire County Council signed a three year Outcome Agreement with Welsh Government (2013/16). This sets stretching targets and milestones, working towards the issues of national importance as described in Wales' Programme for Government, and matches them against objectives set locally.

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16. The Council published its Improvement Plan 2015-2017 on 20 May 2015. The plan is in accordance with section 17 of the Local Government (Wales) Measure 2009, incorporates the additional improvement priority 'maintaining locally accessible services' set out in the Partnership Continuation Agreement, is well structured, and provides the reader with a range of data showing the Council's recent and planned performance. Inevitably, opportunities to make the Improvement Plan more informative exist. For example, it is sometimes unclear in the plan how actions support delivery of specific improvement priorities, or how selected performance indicators will help measure success. In addition, some targets for 2016-17 suggest lower performance than was achieved in previous years; it is therefore unclear how these targets represent improvement.
 17. The Council updates its MTFP throughout the budget setting process every year to reflect changes in funding, budget pressures, and savings proposals. This provides the Council with an up-to-date analysis of its future spending plans. The MTFP and the Improvement Plan are the key strategic plans for the Council that deliver commitments made in the Partnership Continuation Agreement.
 18. The Council is developing a future business model setting out how it will deliver services, and it plans to align its other key strategies such as the People Strategy, Asset Management Plan and iCounty with the new business model by June 2016. Where managers develop new strategies, they are expected to identify resource implications and, where relevant, complete a 'pressure mandate' showing the impact on the MTFP.
 19. In October 2015, the Council approved the Income Optimisation Strategy, and Youth Service – Not in Education, Employment and Training (NEET) Reduction Strategy. Both of these documents refer to the Improvement Plan 2015-17, the People and Organisational Development Strategy (People Strategy), and other relevant strategies. The Income Maximisation Strategy makes clear links to the MTFP. The NEET strategy does not refer to the MTFP. This shows that as the Council develops new strategies, it is starting to make connections between key related strategies, which will help it better coordinate delivery of improvement objectives.
 20. The Council is at an early stage in developing its approach to meeting its responsibilities under the Act. It has not yet developed a high-level, strategic approach linking its sustainable development principle duties under the Act to its strategic vision and overall direction of travel. The Council has, however, developed a checklist designed to prompt managers to consider key aspects of the act when developing new policies and strategies.

The Council's performance management arrangements are not implemented fully or consistently across the organisation to support implementation of its key strategies

21. It is important that strategies provide a clear direction to support a council's service delivery, and that clear links are made between strategies; however, the Council's strategies do not always set clear direction for improved service delivery.

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- 22.** The Council's Improvement Plan 2015-2017 describes the Asset Management Plan, MTFP, People Strategy, Local Development Plan, and iCounty as key strategies to 'mobilise assets to improve services'. The People Strategy makes clear links with the other Council strategies such as the Asset Management Plan, iCounty, and the Improvement Plan 2015-2017. In addition, the People Strategy makes clear links with service improvement plans that will support its delivery; however, the Council's Income Optimisation and the NEET Reduction strategies do not refer to their directorate's service improvement plans. The Income Optimisation Strategy includes no specific targets and success measures setting the intended outcomes from the strategy. The NEET reduction strategy includes two performance indicators that provide a focus for service delivery, and the NEET Strategy Action Plan 2015-16 describes the actions the service will take to deliver the NEET reduction strategy, although, some are not SMART⁶. The absence of consistently clear targets and actions make it difficult for managers to develop robust service plans to deliver the strategies.
- 23.** The Council has directorate service plans underpinning its strategies. The Corporate Performance Team provides directorates with a standard service plan template, and the Performance Team oversees the plans, as they develop, to ensure a consistent approach and ensure managers address key issues when planning service changes. The template includes sections covering an evaluation of the previous year's performance, actions for the duration of the service plan, a balanced scorecard, and risks. We reviewed two service improvement plans that supported two new strategies the Council had approved since our Corporate Assessment in March 2015. We found that the Youth Service and Head of Finance service improvement plans used the corporate template and all sections of the template were populated. Both plans referred to the Council's Improvement Plan 2015-2017, although, only the Head of Finance service plan referred to the MTFP.
- 24.** The Council expects managers to assess the resources they need to deliver service plans. Whilst in most cases these will be from within existing budgets, any extra costs will need to be considered during the decision-making process. Senior managers and corporate services have a role in overseeing the quality of service plans and challenging the deliverability and resource implications of proposed service changes. However, neither the Youth Service nor Finance Service plans identified actual costs needed to deliver the plans, nor the need for additional resources. Nevertheless, both plans did indicate where costs would be met from – generally existing budgets or external sources such as grants, suggesting that there were cost implications of delivering the plans.

⁶ SMART is the acronym for Smart, Measureable, Achievable, Realistic and Timely – key elements for measuring deliverability of actions.

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- 25.** Members and senior managers are able to monitor performance and implementation of service plans via the Council's data hub⁷. The Corporate Performance Team and operational managers update this system regularly. The data hub is also able to provide tailored reports to meet the users' needs. The Leader of the Council routinely uses the data hub to challenge, monitor and manage performance, which demonstrates the potential benefits of the system. However, the take up of tailored reports by other members and managers was low and is not encouraged by the Council, suggesting that the potential benefits of the system are not maximised by the Council.
- 26.** Officers routinely report progress on delivering the budget and performance improvements to members to challenge performance and inform when and how the Council should take corrective action. The messages from the separate finance and performance reports are not clear and consistent. For example, performance reports presented to Cabinet cover the Council's progress in delivering targets. The Council's finance reports presented to Cabinet cover budget pressures and how these are to be managed. A joint report would help to show both financial performance alongside achievement of improved performance at a directorate level.
- 27.** During 2015, the Council held a series of heads of service challenge sessions⁸. These sessions included a thorough discussion on both financial and performance progress, ensuring that each of the Council's services was subject to detailed challenge once during the year. The sessions also provided an opportunity for managers and members to understand the reasons for budget pressures or lower-than-expected performance, and to identify ways in which they can improve the effectiveness and robustness of budget setting and service planning processes. For example, these sessions provided an opportunity to help the Council understand why the Youth Service or Finance Service plans did not include the actual costs needed to deliver planned service changes.

⁷ The data hub is a council-wide system that enables members and officers to track and monitor performance data and activity.

⁸ The Leader of the Council, Chief Executive and Cabinet members attend heads of service challenge sessions which are intended to evaluate and challenge performance in service areas and increase ownership and accountability for service improvement.

The Council continues to improve the way it manages the performance of its partnership working, but areas for improvement remain in how it measures outcomes and identifies resources needed to deliver improvements

The Council plays an effective role in planning improvement through partners

28. Our 2015 Corporate Assessment proposed that the Council should ‘further develop and embed performance management arrangements to allow the Council to hold partners to account and to support the Local service Board (LSB) to deliver its plans.’
29. From April 2016, as required by the Act, LSBs across Wales have been replaced by PSBs. PSBs bring together key partners within each county across Wales. The PSB must prepare and publish a wellbeing plan (which replaces the LSB’s previous statutory Single Integrated Plan (SIP) for the county) no later than 12 months from the next local government election in May 2017. The wellbeing plans must set out how the objectives of each PSB will contribute to achieving the national wellbeing goals as set out by the Act. The new wellbeing plans must also set out how they have had regard to the Assessment of Local Well-being⁹ undertaken locally in setting objectives. Whilst the responsibilities of the new PSBs in comparison with the previous LSBs have changed, Monmouthshire’s PSB support arrangements remain largely the same as those for its previous LSB. As such, messages from our 2015 Corporate Assessment remain equally relevant to the Council and the new PSB.
30. In 2016, we reviewed progress made by the Council to improve the way it manages performance when working in partnership with other organisations. Our fieldwork was undertaken during January 2016 when the county’s LSB was still in being, and the new PSB, required by the Act, had not yet been established. However, the Council can learn from the work of the LSB in informing the effectiveness of the new PSB.

⁹ Assessment of Local Well-being’ must include:

- Which communities comprise the area
- Analysis of the state of wellbeing of each county as a whole
- Analysis of state of wellbeing of each community (ward profiles)
- Predictions of likely future trends in the economic, social and environmental wellbeing of the area
- Any other related analytical data and information that the PSB considers appropriate

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- 31.** Our review found that the Council played a key role in helping the LSB to function effectively. The Council's Chief Executive chaired LSB meetings, Council staff provided administrative support to the LSB and the Council website provided information to the public on the LSB's priorities.
 - 32.** The strategic direction of partnership working through the LSB was set out in the SIP. The Council's Improvement Plan 2015-17 reflected the SIP themes, therefore, the Council's aims were consistent with those of its partners. Once the PSB has clarified its priorities within the wellbeing plan, the Council will need to consider whether its own aims and improvement objectives under the new Act are consistent with the PSB priorities.
 - 33.** The LSB agreed a set of performance indicators to measure progress against the SIP at its meeting in April 2015. This clarified the extent of the LSB's ambition, provided a focus for SIP delivery plans, and helped the LSB measure progress and hold those responsible for delivery to account. The PSB will need to undertake a similar exercise to agree a set of performance measures to monitor and manage its progress in achieving its priorities and outcomes. The Council will also need to review its own priorities and service delivery arrangements to ensure it can deliver its responsibilities to effectively support the delivery of the wider PSB's wellbeing plan. However, our review found that processes essential to effective implementation of shared priorities between the LSB partners within the county were not fully developed and will need further development to reflect the responsibilities of the new PSB.
 - 34.** Six LSB delivery plans underpinned the SIP. Our 2015 Corporate Assessment found that LSB delivery plans were in their early stages of development. Our 2016 review identified that the LSB had further developed delivery plans, but noted a lack of consistency in their content, and poor links between its LSB objectives and performance indicators chosen to measure progress and impact of delivery. Five of the LSB delivery plans followed an agreed format, but it was the Families First Programme delivery plan, which did not follow the agreed format, that provided the clearest links to planned outcomes.
 - 35.** In addition, in some of the LSB's delivery plans, which followed the corporate template, the information set out in columns headed 'how much/often/well' did not provide robust performance information. For example, this section sometimes referred to ongoing activities and outputs, rather than future measures of success. Once the PSB has agreed its priorities, it will need to learn from the LSB's experience and develop more robust plans to support delivery of its priorities.
 - 36.** The Council is taking action to improve the way it manages partnership performance. It plans to better integrate the management of partnership performance with its own performance management framework. For example, by developing a specific section on the Council's data hub dedicated to partnership performance, intended to improve the links between LSB delivery plans and Council service plans. The Council's heads of service have reviewed the LSB delivery plans to ensure that they and Council service plans align, and will need to do similar for the new PSB delivery plans.

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- 37.** In the past, the LSB did not effectively co-ordinate the use of collective resources to deliver the SIP. As in most LSBs, individual organisations managed their own resources to deliver their responsibilities within LSB delivery plans; this resulted in the LSB having a minimal appreciation of the overall resources needed to deliver the shared priorities. There was often a lack of discussion about collective resource implications and this resulted in a lack of reference to resources within LSB delivery plans. As the PSB develops, it will need to define clearly the resources needed to deliver its wellbeing plan – as a whole, per delivery plan, and per partner, particularly as resources become tighter.

Although the Council has taken action to improve the accuracy and quality of its performance data, these actions have not yet been fully effective

The Council continues to evaluate the effectiveness of its performance reporting

- 38.** The Council has put in place arrangements to improve the accuracy of data that it uses to manage and monitor performance. It has issued guidance to staff on collecting data on local performance and use of corporate data pro formas. In addition, its guidance on completing national performance indicators includes deadlines and standard pro formas.
- 39.** The Council's Internal Audit team reviews the quality of the Council's performance data collection processes and accuracy of data. In early 2015, the Internal Audit report on data quality concluded that:
- there was evidence of completion and authorisation of the Council's calculation pro forma for each performance indicator;
 - most of the indicators reviewed were calculated accurately;
 - all except two performance indicators met the publishing deadline;
 - there were some issues with interpretation of definitions;
 - no problems were noted in the storage and transfer of data; and
 - the overall error rate was 10.4 per cent – eight calculation errors were noted.
- 40.** Based on its findings, Internal Audit gave an overall audit opinion of 'good' and made 10 recommendations.

Sample testing continues to identify errors in reported performance data

41. As part of our 2016 review, we reviewed seven performance indicators; one that we reviewed in 2015 that had then been reported inaccurately (SCC/025) and six more. Of the seven performance indicators, we found no errors in the reporting of the following:

- SCC004 Looked After Children with three or more placements
- Jobs created (local performance indicator)
- NEETs (local performance indicator)
- Staff Appraisal (CICO) completion (local performance indicator)

42. We found errors in the reporting of the following:

- SCC025 Statutory Visits – Staff do not always update records promptly. Therefore, some data input after the performance indicator deadline was not included in the original data submission to the Data Unit Wales. The reported data was therefore inaccurate.
- CHR002 Sickness Absence – Significant undercounting of sickness absence resulting in inaccurately reported data.
- LCS002b Leisure Centre visits – An error in the collation of the data resulted in the Council inaccurately reporting the number of visits to leisure centres.

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