

# Review of Performance Management – Gwynedd Council

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# Contents

## Detailed Report

Setting the scene	4
The Council's performance management framework is developing well although implementation is currently variable, and reporting is difficult to navigate	6
The Council is developing a new performance management framework but communication with, and training for councillors has not been effective enough	6
Performance challenge sessions, which are a key part of the new performance management framework, are developing well, but there are opportunities for further improvement with some departments having a significant amount of work to do	7
Not all Council departments have an agreed set of useful measures and associated ambitions, the use of comparator information is limited	8
Performance reports are numerous and lengthy, and do not include important information making it difficult to gain a holistic unbiased picture of Council performance	9
Service demand information is not routinely reported and does not usually inform and support the setting of baseline budgets	10
Recommendations	12

# Detailed report

## Setting the scene

- 1 Performance management involves gathering, analysing, and acting on performance information to improve services and the quality of people's lives in the local community. Managing performance is everyone's business, it is a continuous part of the day-to-day role of councillors and officers:
  - councillors have an important role in managing performance. They need to be clear about what the Council is wanting to achieve and how they will monitor and review performance. They also need to be prepared to challenge officers on service performance to ensure that priorities are delivered, and the needs of local communities are being met. Councillors can support improvement by showing they are actively interested in performance and acting on what the performance information is telling them.
  - in good councils, performance management practices are embedded throughout the organisation, are part of the day job and are not seen as a burden or an add-on. Where performance management is part of the organisation's culture, managers lead by example, by actively managing performance, and communicating results.
- 2 For a performance management framework to be effective it needs to reflect the council's priorities and be integrated into business planning arrangements. A good performance management framework uses a range of performance measures that provide a clear unbiased picture of performance. The measures should reflect a council's priorities and meet the needs of those who use their services. Good councils acknowledge and recognise good performance and deal with poor performance, seeing it as a positive learning experience.
- 3 Performance reports for the public are important for accountability and should be easy to find and understand. Benchmarking is an effective way of helping organisations to deliver better services and to evaluate whether their services are performing well within a regional or national context. Self-evaluation and review must be robust and honest to be effective.
- 4 The principles of managing performance also apply to partnership working. Partners need to have a shared understanding of priorities and the impact their work is having.

## Exhibit 1: Roles in Managing Performance

### Roles in Managing performance<sup>1</sup>

Everyone in the council has a role to play in managing performance.

- Councillors need good-quality performance information to make well-informed decisions, scrutinise performance and identify areas for improvement.
- Performance measures must reflect a council's priorities if it is to assure itself that its objectives are being met.
- Managing performance is important for governance and accountability.
- An effective performance management culture, led by both officers and councillors, is essential.
- Performance information must be acted on to improve outcomes.
- Self-evaluation and review activity form an important part of continuous improvement.
- Councillors and officers need to ensure that the principles of managing performance apply equally when working with partners.

- 5 In Gwynedd Council (the Council) the departmental performance challenge meetings were held three times a year under the old framework. The first two rounds being held during July and November and the output feeding into individual Cabinet Members' reports submitted to Cabinet in September/October and December/January. A further meeting was held at the end of the financial year to feed into the Council's Annual Performance Report. This report was usually presented to Cabinet in June and Full Council in July.
- 6 A review of the Council's 'old' performance reports identifies the use of measures to support performance management was variable, and often absent. This inconsistent approach and the concerning absence of meaningful measures in some services/departments, raised concerns as to whether the Council had proper arrangements in place to assure itself that it was delivering value for money.
- 7 The Council had examples of good performance reporting, such as the Performance Report of the member for Finance. This identified the purpose of the service, the measures used, and it illustrated past and current performance, providing trend information. Graphs provided assurance in areas where performance was broadly as expected, and text boxes were used in graphs to explain variances. These appendices allowed a new reader to quickly gather a range of assurances, and an understanding of areas with declining performance and what the mitigation actions were. However, the Council also had examples of poor performance reporting, for example, the Adults, Health and Well-being

<sup>1</sup> Audit Scotland "Managing performance: are you getting it right?"

Department. Its performance report contained no appendices and made no use of graphs or tables to help the readers understand the information. Other departmental performance reports were developed to varying levels between these two examples.

- 8 The performance management framework did not act as a catalyst to drive improvement or to resolve some of the key difficulties that the Council encountered. Recognising this the Council planned an extensive review of performance management arrangements and has been implementing a revised performance management framework since April 2021.
- 9 To understand the Council's progress in implementing these new arrangements and to provide assurance that the Council has mechanisms in place to assure itself that it is delivering value for money, this Audit Wales review sought to answer the question: **Does the performance management framework at Gwynedd Council support service delivery?**

**The Council's performance management framework is developing well although implementation is currently variable, and reporting is difficult to navigate**

**The Council is developing a new performance management framework but communication with, and training for councillors has not been effective enough**

- 10 The Council presented a report to the Leadership Team in November 2020, suggesting changes to current performance management arrangements. Having suspended the old arrangements during the pandemic the Council introduced its new performance management arrangements from April 2021. The new arrangements have two separate sections, one meeting to consider performance measures on their own, and another more detailed meeting to consider the risk register, performance measures, an update on progress delivering corporate plans and finally financial matters.
- 11 Whilst changes to the performance management framework were communicated to the Leadership team, there has been a lack of information available to Council members. The absence of a clear communication with councillors may contribute to the uncertainty expressed by them about performance challenge arrangements.
- 12 Not only do councillors, particularly those involved in performance challenge sessions and scrutiny committees, need to be aware of the new arrangements they also need to have the confidence and skills to challenge performance effectively. Greater clarity may also be required about the roles and contributions expected from participants in the challenge sessions. Our observations showed that

attendance and contributions of councillors at performance challenge sessions varied. Improving attendance and training councillors so they can be effective in challenging performance will demonstrate that the councillors are serious about understanding and managing the Council's performance.

- 13 The Council anticipated the following benefits from the new arrangements:
- a reduction in the volume of information associated with previous arrangements, which meant that it was difficult to quickly identify issues of concern;
  - opportunity to set a range of information alongside each other to see the complete picture; and
  - responding to some members' concerns that there were too many reports being presented to Cabinet within the same window to be able to give meaningful attention to them.
- 14 Whilst the Council did not specify any other benefits, it had reflected on the need for timely accurate performance measures during the pandemic. For example, in relation to personal protective equipment (PPE). This helped the Council understand the need for consistent measures that provide a clear picture of performance, and a framework to drive service improvement and more accurate budgeting.

**Performance challenge sessions, which are a key part of the new performance management framework, are developing well, but there are opportunities for further improvement with some departments having a significant amount of work to do**

- 15 The Chief Executive is present in most performance challenge meetings and takes a lead role in developing arrangements. Whilst effective constructive leadership is required to drive improvement and change culture, particularly in some departments, additional resources, and expertise in the field of performance management could actively assist the departments to shape and develop arrangements.
- 16 We observed the new performance challenge sessions held in September, October, and early November. Departments are at different stages of implementing the new arrangements. Some departments have made good progress and the new arrangements are close to full implementation. These departments are now fine-tuning arrangements. However, other departments have a significant amount of work to do to reach this level.
- 17 The consideration of the Five Ways of Working, with perhaps one or two exceptions, is not clearly prevalent in the Council's discussions during performance challenge sessions.

- 18 The Council needs to consider how effective performance challenge works across traditional departmental boundaries when failure demand generates work for other departments. A simple failure to answer a service telephone direct dial will lead to customers contacting one of the Council's front door services such as Galw Gwynedd. Patterns of repeated demand failure are quickly noticed by call centre staff, but the current culture and perceived boundaries appear to be ineffective in communicating and resolving such failure demand.
- 19 A significant part of the new performance management arrangements is a review of the risk register. The risk register was not routinely reviewed as part of the previous monitoring arrangements. This new focus has concentrated officers' and councillors' attention on risks in the register. Departments are at different stages of incorporating the risk register into the programme review cycle. Some departments are confidently prioritising key risks and discussing and reporting mitigating action, whilst others are still being encouraged to embed the risk register as part of the performance review cycle.

### **Not all Council departments have an agreed set of useful measures and associated ambitions, the use of comparator information is limited**

- 20 Planned service purposes and measures are not currently clearly identified for all services, which is a legacy from the old performance challenge arrangements. In these cases, new performance measures are being developed. The Chief Executive is working with Portfolio Holders and Heads of Department to identify the main purpose of each section of the council's departments, which will in turn assist them to identify the most appropriate performance measures.
- 21 There is an opportunity to align service purpose identified in performance challenge meetings with the departmental plans included in the Council Plan and identify measures that also align with the Council's strategic priorities.
- 22 The Council's Ffordd Gwynedd approach does not recognise the need to publish ambition/service standard/target data nor state the trend for service delivery for most measures, and therefore comparing the trajectory of actual performance with the Council's aspiration is difficult if not impossible. Ambition/service standard/targets, trends, and comparatives allow information users to get a clear picture of whether the Council is achieving its objectives, and prompt explanations and mitigating actions when performance deviates from planned performance.
- 23 The Council also does not routinely use or report on comparative information, so that it can benchmark its performance relative to other bodies. Any view given on overall performance is more subjective as a result. Councils will need to ensure that a suitable range of comparator information is available, if not nationally then regionally in the future, as it is an essential component of self-evaluation/self-assessment as well as effective performance management.



- 24 It is unclear how, without the data items noted above, the Council can be assured that it is delivering the level of service it expects for the resources it contributes. This impacts on the Council's ability to assure itself that it is delivering value for money.

### **Performance reports are numerous and lengthy, and do not include important information making it difficult to gain a holistic unbiased picture of Council performance**

- 25 The narrative in performance reports has a bias towards celebrating the good. Officers are much more open in the closed performance challenge meetings. Several insightful comments made in closed meetings which could be the catalyst for service improvement do not find their way into published reports. The Council needs to develop a more open and less critical culture where performance issues are seen as a learning opportunity that can help the Council improve performance. Clearly all stakeholders, including officers and Council members have a role to play in creating a safe environment that will enable open, balanced, and honest reporting, and a route to getting the most benefit out of the learning needed to turn around adverse performance measures.
- 26 During the performance challenge meetings, some councillors also expressed a view that important messages can be lost in lengthy reports which was reinforced by some of the members that we spoke to. This limited their ability to contribute effectively to the performance challenge meetings; more so where the information was incomplete. Performance reports that are very lengthy are often not effective, as important issues can be buried away in the detail.
- 27 The new Cabinet Member Performance Reports are presented to Cabinet over five committee meetings, which means that an interested reader would have to navigate to five meetings and several documents to obtain a Council wide overview. Using techniques outlined in **Exhibit 2** has the potential to simplify reporting and accessibility of information.
- 28 The Cabinet Member Performance Reports do not record progress against key milestones for each programme. The absence of clear milestones makes it difficult to compare actual delivery with planned delivery of projects, and any drift or accumulated slippage in delivery. The [North Wales Growth Deal – Quarter 2 Performance Report](#), hosted on the Council's website, makes effective use of colour coding and milestones, and quickly provides the reader with access to projects meeting their milestones, and projects which are experiencing slippage, difficulties and any mitigating actions.
- 29 The new arrangements do not appear to include an overall performance measures appendix/dashboard, this is a useful tool to highlight key areas of success/concern and can act as a gateway to more detailed service level information.

## Exhibit 2: effective performance reporting

### Effective performance reporting

Effective performance reporting in the council:

- presents information in an accessible way using appropriate charts rather than tables or narrative;
- limits the number of measures in any one report to avoid information overload;
- highlights measures that are causing concern, for example by using a dashboard and colour coding to graphically represent performance information;
- clearly explains reasons for performance being off target, or not as planned; and
- sets out what action will be taken to restore performance where measures are off target, or not as planned.

## Service demand information is not routinely reported and does not usually inform and support the setting of baseline budgets

- 30 Budgets in demand led services have historically been adjusted to reflect changing demographics, rather than being informed by current demand levels. Officers in the Council have noted that service demand does not always track demographics. But the Council's performance management arrangements do not routinely compare budgeted activity with actual demand. Using demand information will help the Council to understand the context of spend against budget, potentially helping to explain why services have over or underspent. Prices in the market and complexity of needs are other factors that influence expenditure. However, having a clearer picture of demand and in turn budget will lead to a better corporate understanding of the financial position, especially in large spend, variable demand services like social care.
- 31 When overspends occur the Council response is generally a reactive approval of additional bids. A more proactive approach would be to use current year's demand and demographic data to zero-based next year's budgets reflecting current level of activity and how this is expected to change over time. Commissioning plans would dovetail with service plans and budgets to provide one holistic view of how people's support is planned. This model will also encourage better justification of additional budget, should it be required, as the expectation will be that service demand and service costs information is provided.
- 32 However, we recognise that there can be significant fluctuations in some services. For example, the number of children looked after or adults in need of support

month on month. Successful periods where numbers of children looked after have reduced can suddenly be faced with an upward curve for a long period. Simply put, demand is volatile. Planned contingent funding is used in some councils to recognise this volatility, and cope with a surge in demand.

- 33 The Council has been successful in delivering significant savings schemes over a prolonged period. However, continued delivery of savings has become challenging in many departments. Our review has identified instances ('Dechrau i'r Diwedd') where long term savings schemes delivered planned savings early in the process, but due to increases in demand, did not perform so well in later years. The Council's arrangements were not responsive to such changes, and performance management and financial planning needs to work hand in hand to ensure that assumptions underpinning savings plans remain realistic.

# Recommendations

## Exhibit 3: Recommendations

### Recommendations

- R1 The Council must ensure that it has a range of useful measures for all departments and functions. It needs to pay particular attention to:
- ensuring that all services identify appropriate well-crafted (SMART) performance measures that reflect the purpose of the service;
  - aligning the service purpose identified in performance challenge meetings with the purpose in the departmental service plans in the Council Plan;
  - incorporating ambition/service standard/target and trend information to give the Council a clear picture of the Council's ambition and its progress toward achieving it; and
  - ensuring that performance management arrangements are sufficiently agile to respond to new challenges faced by services, such as the current significant workforce issues faced by some services, by implementing specific measures.
- R2 The Council needs to improve its performance reporting to aid clarity by:
- expanding the use of visual tools such as colour coding to enable the reader to quickly focus on the key issues by highlighting areas where performance is on track or is of concern;
  - ensuring that reports are balanced and provide a rounded, honest, and balanced picture of how the Council is performing which highlights where improvement is needed to ensure tangible results;
  - ensuring that an up-to-date dashboard (or measures appendix) is produced by each service and presented at every performance management meeting;
  - publishing a performance report/corporate scorecard that reports on all key measures in one accessible document.

## Recommendations

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- R3 The Council needs to improve the integration of performance and financial information by:
- using actual service demand as opposed to demographics as the base for setting demand led budgets;
  - articulating the pattern of actual demand against planning assumptions used to set the budget enabling a better understanding of current resource pressures on services;
  - combining performance information with financial information to present a holistic and unified view of the resource position of services;
  - combining performance and financial information to ensure that savings plans delivered over the medium term are still realisable;
  - assure itself that demand led budgets are set at a level which is sufficient to resource the current demand faced by services; and
  - once the Council is assured that the budgets for key demand led services are set at the correct level, develop tools such as contingent funding to recognise and cope with a surge in demand of volatile budgets.
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- R4 The Council should strengthen its performance management arrangements by:
- frequently communicating changes to the performance management framework to officers and Council members;
  - ensuring that officers and Council members have appropriate support and training so they can deliver their respective roles effectively;
  - reviewing the support arrangements for the performance management framework;
  - ensuring that all departments effectively incorporate the use of the risk register into their performance management cycle;
  - embedding a “One Gwynedd” approach that will open channels of dialogue to enable corporate learning and quickly eradicate instances where demand failure in one department increases demand on services in another;
  - engaging with service users and stakeholders to understand the root cause of poor performance and unintended behaviours; and
  - introduce milestones and identify project owners to track progress and ensure accountability for the delivery of projects that span several years.

## Recommendations

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- R5 The Council needs to incorporate consideration of the Well-being of Future Generations (Wales) Act 2015 sustainable development principle into service design, management, and performance review arrangements across all Council departments.





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