

Report to: Performance Scrutiny Committee

Lead Member/Officers: Lead Member - Modernisation
Corporate Director: Customers
Corporate Director: Economic & Community
Ambition

Report Author: Head of Business Planning & Performance

Title: Improving the Service Challenge Process (DRAFT
PROPOSAL)

Date: 11 April 2013

1. What is the report about?

1.1 The report concerns proposals to improve the Service Challenge process in the Council.

2. What is the reason for making this report?

2.1 To support discussion about how the service challenge process can be improved.

3. What are the Recommendations?

3.1 That Members consider and comment on the draft proposals for a new Service Challenge process, which would include:

- A more detailed review with a renewed focus on self-evaluation.
- An annual instead of bi-annual programme with more flexible links with the business and budget planning process.
- The development of a new and separate process for agreeing efficiencies.

4. Report Details

4.1. Over the course of the last three years, the Council has developed a Performance Management Framework in which the performance of Services is challenged through a twice yearly forum. These meetings are chaired by a Corporate Director and include other senior officers, Cabinet Members and representatives from Scrutiny. Service heads are asked to account for the overall performance of their Service and to identify savings that can contribute to the Council's efficiency programme.

4.2. These meetings have been timed to fit into the budget setting and business planning processes and broadly, take place in June/July and November/December. Information is produced to support each meeting, including current and projected spend, the Service Risk Register and a Position Statement, which is an overall self assessment of progress. This programme of proactive financial and performance monitoring has enabled the Council to maintain a high level of corporate 'insight' and awareness of risk,

and consequently, a 'light touch' regulatory approach from the Wales Audit Office (WAO).

- 4.3. Not all councils follow such a structured approach. A recent Welsh Local Government Association (WLGA) led project to map self assessment across the Welsh Authorities found a high degree of variance, with some Local Authorities not undertaking any form of formal self assessment at all. Although most undertake *some* form of service review, Denbighshire County Council's (DCC) experience puts the Council easily at the most developed end of this spectrum. Very few of the other councils combine business and financial planning in a single process.
- 4.4. In the time that the challenges have been running in their various forms, they have become an accepted forum for raising issues about performance, for identifying potential efficiencies and for discussing service pressures. The routine of bi-annual self assessment is well established and provides a robust basis for the Council's overall self assessment.
- 4.5. However, this system could clearly be improved and some of the Service Challenges are seen as more successful than others:
 - Sometimes they are considered not to have been sufficiently 'challenging', and sometimes not to have focused on the most critical areas.
 - The self assessment format used provides an overall 'position statement' for the Service, but does not consider any single area in depth, and does not consider some areas – such as 'Leadership' – at all.
 - The process of identifying efficiency savings, which worked well at the beginning, has become less effective three years in, as Services have already given up any 'easy wins' that can be identified. Finding further savings is likely to require a more strategic approach.
 - The process of organising, administering and actually attending the bi-annual challenge programme, is a challenge in itself, and utilises a lot of Officer and Member capacity.
- 4.6. Overall, the Performance Challenge process has clearly taken the Council forward, so that we now have a much better understanding of what is working well and what is not. However, having been on that journey, we are also beginning to see both the weaknesses in the process and how it could be made more effective. Fundamentally, the challenge process now needs to shift its focus to concentrate more on the development of 'quality', on 'outcomes' and on value for money in the Council's services, and less on developing the efficiencies programme, as this too needs to change its emphasis.
- 4.7. Key elements of this shift should be:
 - A more detailed review with a renewed focus on self evaluation
 - An annual instead of bi-annual programme with more flexible links with the business and budget planning process.
 - The development of a new and separate process for agreeing efficiencies.
- 4.8. Expanding the focus on 'quality' and 'value for money' would be based on improving the level of self evaluation by both broadening it out to include more

elements and also by supporting the process with better comparative information. Using a question hierarchy concept, this self evaluation will be based on three core areas of inquiry: 1) How good are outcomes for the community? 2) Does the service set the right priorities? 3) How effective are leadership and management?

- 4.9. This core structure will be developed further to include a hierarchy of lower level questions to explore the themes in more detail, and a draft question hierarchy is currently being developed for wider consultation.
- 4.10. This form of self evaluation would enable a much more in depth look at a service, most importantly, in relation to the outcomes it is achieving for its customers and communities. Testing these out and then exploring the organisation and leadership of the Service that delivers these outcomes, would be a powerful process that would support continuous improvement. It would also pinpoint weaknesses and areas that need to change or improve, providing a key annual input into the Council's performance management framework.
- 4.11. This level of self analysis and comparison will require much more preparation than the current system, both on the part of the Service Head, the Service Assessment panel, and the new Research and Intelligence team that will help to support the process. A wider group of staff should also be brought into the self assessment process, so that 'ownership' of the challenge extends beyond senior officers in a Service. There will clearly be a balance to be struck between the level of preparation required and getting on with 'business as usual', though this is likely to vary between different Services.
- 4.12. To make this manageable, the new challenge meetings will be annual rather than bi-annual, and will be on a rolling programme rather than all in the same short period. This will have benefits in other ways, because the preparatory work will be easier to plan around reporting periods and the dates that key performance data becomes available (exam results for example).
- 4.13. It may also help to strengthen the 'challenge' element of the meetings, which has proved an enduring problem. As the meetings will be less frequent, then it should be possible for the Chief Executive and all three Directors to attend (as well as senior politicians), so that the 'panel' will have a mixture of people who have knowledge of a service and people who can take more of a customer focused role. This would have the added advantage of visibly vesting the performance management of Heads of Service with the most senior management group in the Council. Indeed the 'informal CET' meeting, would be a ready made forum for agreeing the agenda – or 'lines of inquiry' - for the meetings.
- 4.14. An approach that is more focussed on overall outcomes and performance, which is closer to an Estyn or regulatory model, can be expected to produce a clearer output than the current system. A plan to deliver agreed improvement actions would be an obvious output, elements of which would logically become part of the Service's Business Plan.
- 4.15. More focus on performance and outcomes though, will mean a less structured link with the budget setting process. As this is a strength in the current process, it is important that this deficit is counterbalanced elsewhere. A solution would be to expand the financial element of the Service Business Plan format so that activity and finance is still clearly linked. This could include service pressures as well as planned efficiencies. Management of this

process through the financial year may still require some additional focus and although this could be through internal meetings rather than formal challenges, maintaining Member involvement in this process would be critical.

- 4.16 This process may be more straightforward where Services already have a formal regulatory self assessment regime in place, for example, Social Services. Certainly, unnecessary duplication of effort would need to be avoided.
- 4.17 Whilst this new approach should develop the way we understand and manage improvement in the organisation, it is worth noting that this is still a 'service' based focus. There will still be a need to assess and understand the position of the Council as a whole, so that individual service improvement can be seen in context.
- 4.18. Next steps are to agree the detailed hierarchy and the first annual programme of meetings. To allow time for preparation, the earliest that the first new Service Assessment meetings could take place would be late June 2013.

5. How does the decision contribute to the Corporate Priorities?

- 5.1 It will support service improvement.

6. What will it cost and how will it affect other services?

- 6.1 There is no additional cost.

7 What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

- 7.1 The report does not propose any change that will impact directly on our communities or that would impact on staff from an equality perspective.

8. What consultations have been carried out with Scrutiny and others?

- 8.1 n/a

9. Chief Finance Officer Statement

- 9.1 Not required.

10 What risks are there and is there anything we can do to reduce them?

- 10.1 There is a risk that the current system will not continue to support service improvement effectively.

11 Power to make the Decision

- 11.1 Scrutiny is an important element of developing the new Service Challenge process

- 11.2 Article 6.3 of the Council's Constitution

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