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Chief Executive
Bournemouth Borough Council
Town Hall
Bourne Avenue
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August 2014

Dear Tony

Bournemouth Borough Council - Corporate Peer Challenge
16th-18th June 2014

On behalf of the peer team I would like to say what a pleasure and privilege it was to be invited into Bournemouth Borough Council to deliver the recent corporate peer challenge as part of the Local Government Association (LGA) offer to support sector led improvement.

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Bournemouth were:

- Gavin Jones – Chief Executive, Swindon Borough Council
- Councillor Paul Bettison – Leader, Bracknell Forest Council
- Sarah Messenger – Head of Workforce, Local Government Association
- John Golding – Partner (Assurance), Grant Thornton
- Paul Clarke – Programme Manager, Local Government Association

The peer team also benefitted from input by Elspeth Kirkman, Principal Adviser, The Behavioural Insights Team and Samantha Lawrence, Employment Adviser, Local Government Association.

Scope and focus of the peer challenge

You asked us to consider sickness absence management. This is as an issue which you are very focussed on at the moment, and are keen to make further progress in reducing absence. In particular you asked the peer team to consider:

- Are current approaches to managing absence working?

- Are there specific development requirements for the organisation and line managers?
- How can the council further improve its management of sickness absence?

The peer team also briefly considered the core elements covered by all LGA corporate peer challenges. At your request this was a light-touch review of:

1. Understanding of the local context and priority setting: Does the council understand its local context and has it established a clear set of priorities?
2. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
3. Political and managerial leadership: Does the council have effective political and managerial leadership and is it a constructive partnership?
4. Governance and decision-making: Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
5. Organisational capacity: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

This was an experimental corporate peer challenge focusing on a specific, and on the face of it narrow, area that the council is keen to improve. Feedback provided by the peer team is therefore weighted towards the agreed areas for consideration.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 3 days onsite at Bournemouth, during which they:

- Spoke to more than 70 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 30 meetings and additional research and reading.

- Collectively spent more than 260 hours to determine their findings – the equivalent of one person spending 7 weeks in Bournemouth.

An added feature of this peer challenge was the delivery of a workshop by Elspeth Kirkman, Principal Advisor, Behavioural Insights Team (BIT). This provided an opportunity for senior managers from across the Council to come together to learn more about 'behavioural insights' and potential applications to the issue of sickness absence. The workshop generated several ideas that might be considered further. A separate summary of the workshop has been provided alongside this letter.

This letter provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (16th-18th June 2014). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

Summary of feedback: overall observations and messages

Our feedback is presented in the context of Bournemouth Borough Council being a well performing authority that benefits from clear leadership and political stability. The Council has responded well to the financial challenges to date, and is confident of its ability to manage the challenges going forward. It delivers some excellent services and has a clear vision for the place it serves underpinned by realistic and relevant priorities. Resident satisfaction is increasing. The systems, processes and practice that support sound governance in a well-functioning authority, including performance management and member engagement in priority setting and policy development, appear to be in place. We experienced a positive energy across the organisation, and based on our engagement with those we met, Bournemouth seems like a place where staff are passionate and proud to work for the Council and serve the people of the Borough.

The focus and feedback on sickness absence should be considered against a setting of performance at Bournemouth that is improving. Absence rates are currently lower than the public sector average, and also marginally better than average unitary council performance. Whilst the Council is very focussed on reducing absenteeism further, current performance and recent improvements means that this issue is in no way a crisis. Indeed, notable progress has been made over the past few months to address areas of high absenteeism, such as in Adult Social Care where the reductions in absence have been impressive. Learning from that experience means that the Council already has much of the knowledge and approaches to improve performance across other areas of the organisation. It also has the focus and attention of both managerial and political leadership.

We strongly advocated that addressing sickness absence in isolation of other productivity initiatives is potentially missing an opportunity to deliver sustained organisational success. The desire to reduce and minimise absenteeism we think needs to be incorporated into a more holistic approach to organisational effectiveness where the focus is on ensuring the well-being and engagement of employees which contributes to an outcome of reduced absenteeism, rather than tackling the issue head-on and in isolation. In short we believe there could be a better return on investment in staff if that investment focusses more on the 96% of staff who are at work, rather than exclusively on the 4% of the workforce who are absent, on any given day.

Summary of feedback: priority setting, financial viability, leadership, and governance to deliver future ambitions

Understanding of local context and priority setting

The Council has a clear and ambitious vision for Bournemouth. Priorities are well developed and articulated through the Ambition 2020 agenda and an annually refreshed Corporate Plan. Your focus on enabling an active community, improving environment and thriving economy, and becoming a more efficient council appear relevant and realistic given the local context, and the challenges facing Bournemouth and wider local government sector. Priorities are clearly based on a good understanding and analysis of the local area and its demographics, informed by resident engagement (for example the Bournemouth Opinion Survey), and shaped by elected members and senior officers through a collaborative process.

The vision for how the organisation needs to develop to deliver those priorities was less clear to us. We heard relatively little from officers and elected members about how the shape, style and role of the organisation would further evolve over the next few years. We know there is some thinking about the 'future blueprint', which includes the organisation becoming smaller and more efficient, and more outcome-focused. Longer term there is an aspiration to become a more entrepreneurial and commercial council that facilitates and enables outcomes, rather than just directly delivering services. We encouraged you to accelerate your thinking about what that means for the organisational culture required, as this will have a bearing of course on how you approach staff wellbeing and absence management.

Financial planning and viability

Financial management arrangements have clearly been strengthened over past two years. The medium term financial plan is reviewed, refreshed and approved annually, and is subject to regular monitoring. There is confidence across senior management and executive members that arrangements for financial planning and

control are robust and effective. A review of financial resilience (2012/13) by the Council's external auditors supports this, concluding there are robust systems and processes in place to manage financial risks and opportunities, and to secure a stable financial position for the foreseeable future. Auditors also gave a clean, unqualified opinion on financial statements for the year ending 31 March 2013.

The financial challenge to date has been managed well. The Council has achieved significant budget reductions through a programme of efficiency savings – we understand £37 million of savings have been realised since 2007. You have rightly acknowledged that the challenge moving forward will be a tough one, with savings in the region of £40 million required in 2015/16 and 2016/17 to balance the budget in the medium term.

Whilst you are confident that your financial strategy will achieve this, we encouraged you not to underestimate the scale of the savings required and the pace at which they need to be achieved. We appreciate that as part of your medium term financial planning and modelling there is a good understanding of the challenges ahead, and as mentioned already there are robust arrangements for financial planning. This will need to continue and the Council actively set out how it will achieve savings beyond 2015/16 and the Medium Term Financial Plan period.

Political and managerial leadership

Staff across the organisation feel there has been renewed organisational impetus over the past two years. Certainly based on the engagement we had during our visit, there is a widespread and almost universal recognition of this, and of the role that both Chief Executive and Leader have played in reinvigorating the Council. Even during our short time with you, we noted the organisation has a positive feel to it with people genuinely passionate and proud to work for the authority. You clearly recognise the importance of regular engagement with staff and we learnt about a range of mechanisms you have in place to facilitate this, including the biennial Employee Engagement Survey, and annual 'Team Bournemouth' event.

Relationships between senior members and managers seemed strong, constructive and based on mutual respect and understanding. There are a range of ways you enable the managerial and political interface to occur - the Chief Executive and Leader meet weekly, directors and portfolio holders have a regular dialogue and the Leader is regularly invited to attend the Directors Leadership Team to provide a political perspective and input to the debate. It is clear that all of this helps to ensure good day-to-day leadership and management.

We questioned whether the Executive Team and Cabinet invest enough time in their joint leadership. We suggested a need to consider creating more 'quality time' and space for the top team (executive directors and cabinet members) to consider the

strategic challenges, to ensure it continues to provide the best for the borough and organisation. We suggest that away days, perhaps externally facilitated, are an essential part of this and encourage you to consider introducing these on a more systematic basis.

Governance and decision-making

The Council obviously considers robust governance to be important and has introduced and implemented a range of systems and processes to enable transparent decision-making. You have interlinked your financial planning and management framework, corporate and service planning, and performance management. Whilst we did not consider this area in great depth or detail, no obvious concerns came to our attention. The arrangements we would expect to see, for example regular performance monitoring and programme management, looked to be well established and embedded. It was of course your Quarterly Performance Review (QPR) that enabled the Cabinet and Executive Team to identify worsening absence rates and prioritise it as an area for improvement.

Summary of feedback: Absence management

You asked the peer team to consider the following questions:

- Are current approaches to managing absence working?
- Are there specific development requirements for the organisation and line managers?
- How can the council further improve its management of sickness absence?

Are current approaches to managing absence working?

There are a range of activities and initiatives which have been introduced that, combined with strong service leadership, are clearly helping to reduce absenteeism. The measures introduced in the Adult Social Care Service - including refresher training for managers on basic responsibilities, resilience training for managers, and improved performance information - have all helped bring about impressive improvements in absence levels. Other events and developments were regularly cited as key factors in achieving reduced absence, with the change in occupational health provider and the introduction of a counselling service being key examples. The establishment of the Sickness Absence Task Force is helping to roll out the learning across other parts of the organisation, albeit this is at an early stage.

In sharing learning, we think a key message is that it is robust service management and leadership to apply the policies and practice which is the essential success factor. Not least, the relationship and collaboration between service managers and HR Business Partners is critical, as are line managers who feel empowered, supported

and confident in the approach they are taking. The confidence and skills of managers to deal with absence effectively and utilise their discretion fairly is mixed at the moment, and there was variable evidence that absence is systematically managed or placed within a wider employee wellbeing context. This needs addressing, possibly through mandatory training.

We heard about good examples of engagement initiatives and activity, including a comprehensive employee engagement survey, related surveys (e.g. on stress), annual roadshows, regular corporate communications, and an array of other forums, groups and staff consultations. You clearly recognise that an engaged workforce is likely to be more satisfied and have better rates of attendance. Indeed, we know research suggests engaged workforces are twice as productive as dis-engaged workforces, and that average sickness absence levels can be significantly lower too.

The Council has adopted an 'intelligence-led' approach to target setting. Each service unit has a bespoke performance target for reducing absence. This makes sense given the diversity of services the council delivers, and the different demographics of the workforce in certain parts of the organisation. Generally this approach to target setting is seen as helpful. But there is scope to improve, develop and refine it further.

Currently targets are not always locally tailored, and managers appear to have little influence or ability to inform targets for their service areas. Some managers we spoke to were uncertain as to what and who had determined the targets they were working to. We suggest there may be scope to draw on a wider base of information and intelligence to tailor targets further, including more involvement of managers and perhaps relevant benchmarking information on similar services in other authorities and organisations.

The data and information available to managers has improved over the past couple of years, and many people we engaged with commented positively about the 'Employee First' system and the 'self-serve' it enabled. You are keen that the data quality and usefulness, and other information available to managers improves further. As one person put it, 'the information is interesting, but not always useful'. We understand work is underway to develop a scorecard approach to ensure simplicity and consistency. We encourage you to continue this, ensuring that managers are involved and engaged in the process.

Triggers can be a useful mechanism to manage sickness absence, and many organisations use them. However, a lack of flexibility can inhibit dealing with anomalies. We heard of several examples where the perceived rigidity of the triggers and thresholds, particularly regarding short term absence, had resulted in managers feeling their approach had been heavy-handed and overly bureaucratic. We suggest that you may wish to review and refresh the triggers in place, and in doing so consider how you ensure they are seen as a means by which to inform managers

and the approach they take, not something that necessarily prescribes the exact action taken.

There is an array of wellbeing initiatives being implemented, piloted or considered across the Council – including an externally provided counselling service, massage, and HR Wellbeing Consultant. All appear to be credible ways of helping to prevent sickness absence, albeit evaluating the impact of activities and initiatives will be important. To help this, we wondered whether there is scope to further manage the wellbeing activities as a programme. Currently there appears to be a range of ad hoc and separate projects. Notwithstanding that, we think there is potential to do more to promote staff health, wellbeing and satisfaction and prevent absence.

In particular, the potential for HR to leverage the expertise and resource of Public Health seems under-explored and under utilised at the moment. For example, there is the potential to support HR in the development of wellbeing frameworks for staff in a way that is consistent with the broader public health advice to the wider population of Bournemouth. We also posed the question of whether the Public Health team might be a conduit for joint staff wellbeing initiatives with big private sector employers in the borough? We also encourage you to continue to leverage the support available through your partnership with Mouchel which seems to be based on sound relationships and is constructive.

Are there specific development requirements for the organisation and line managers?

You asked the peer team to suggest areas for further improvement. There are three key areas for development we think are required should you wish to continue to strengthen your current approach to managing sickness absence.

1. Firstly, you should require every manager to be trained on the key policies, procedures and systems. In participating in training activity and through their appraisals and performance management, managers should demonstrate they are performing their role effectively. Currently training on key systems (e.g. Employee First) seems sporadic and optional, rather than mandatory. This seems at odds with the fact that reducing absence is a priority for the organisation. The training provided to managers in Adult Social Care has clearly impacted positively on managers' confidence and shows the value of basic refresher courses in helping to enable a consistency in approach. You will of course need to consider who drives and enforces this, for example HR or the corporate leadership?
2. Secondly, we suggest a clearer and more consistent narrative for staff is needed on the rationale for driving down absence. The current understanding across the organisation is confused and varied. Many people think it is simply about cost savings, some see it as about increasing service quality and

continuity, others perceive it simply as part of the drive to be the best. Whilst accepting that all of those might well be genuine drivers, we think that part of the narrative needs to be about what ultimately success looks like. There will we think be a 'tipping point' where it will become counter-productive to pursue further reductions in absence, for example, where it begins to damage staff morale, or investment by managers does not yield a proportionate return. So it will be important there is a clear and consistent understanding of the 'end game'. Since an overwhelming number of your staff have no issues with attendance and continue to perform to a high level in a context of ongoing change, it is important that they understand and are engaged in a wider employee well-being agenda, rather than seeing initiatives to drive down absence levels as being nothing to do with them.

3. Thirdly we think you need to continue at pace the work you are doing to further improve, develop and refine the absence data and information provided to managers. As we have mentioned already, you should ensure managers are involved and engaged in the process. Engaging managers more in target setting is also likely to be beneficial.

How can the council further improve its management of sickness absence?

We think the key to addressing this question, is by re-framing it. We proposed a different and arguably more pertinent question of 'how can you further drive productivity of your workforce and enhance ongoing commitment?'

The way the Council manages sickness absence needs to be seen and understood to be part of this wider question and approach. People, as the organisation's greatest asset, need to be at the heart of organisational development and thinking. To do this we posed a series of questions, intended to be a prompt or catalyst for your continued internal consideration. The following are not intended to be either prescriptive or exhaustive, and there will undoubtedly be other issues you need to deliberate and develop your thinking on:

- How will you invest in and develop your staff resource? This needs to be considered in the context of the developing organisation ('future blueprint') and the continued journey towards being a smaller and more efficient organisation, and aspiration to be a more entrepreneurial and commercial council.
- How will you demonstrate to staff the value they add to the ongoing success of Bournemouth? Given that staff clearly have pride and passion about the borough, how can you better link their attendance and productivity to the organisation's wider performance and achievement of the Council's aspirations and outcomes?

- How will you identify, develop and retain your talent? An established and transparent approach to talent management is an important part of overall organisational productivity and staff well-being. For people to invest themselves fully in the organisation, talented individuals and teams will need to see clear opportunities for personal development and progression.
- What does a good manager look like in Bournemouth? There is currently nothing that sets out minimum standards and expectations as regards key behaviours, competencies and responsibilities – something akin to a ‘management charter’ perhaps, so new managers know what they need to aspire to, and staff know what they can expect from their manager. This could also form the basis of any management development programme or activity across the organisation, or at the very least should be linked to it. The Council might wish to consider introducing a competency framework for managers and agree mandatory training on things such as key HR policies, procedures and systems.
- What is the employee/employer deal at Bournemouth? There may still be some re-positioning needed to move staff away from thinking about the contract of employment as being a set of entitlements, to one where it is considered a two-way deal – where it is clear what staff can expect in return for their investment, and what the Council expects from its staff. There may be an opportunity here to consider the scope for team-based, as well as individual incentives and engagement.

To help progress the above debates and lead and support the implementation of changes, we think the positioning of Strategic HR within the organisation needs to be further considered. It may need a more prominent position seat at the ‘top table’ than is currently the case. You have, we think, already recognised this.

Next steps

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership before determining how the Council wishes to take things forward. As part of the peer challenge process, there is an offer of continued activity to support this. In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date.

In the meantime we have provided some examples of practice and signposting to further information and guidance in a separate ‘signposting note’ to help inform your ongoing consideration and thinking. You have also been provided with a write up of the Behavioural Insights workshop held on 16th June. This includes a summary of

the ideas generated by senior officers, and some suggestions made by the Behavioural Insights Team (BIT).

I thought it helpful to provide contact details for Andy Bates who, as you know, is our Principal Adviser (South West). Andy can be contacted via email at andy.bates@local.gov.uk (or tel. 07919 562849). He is the main contact between your authority and the Local Government Association. Hopefully this provides you with a convenient and continued route of access to the Local Government Association, its resources and any further support.

All of us connected with the peer challenge would like to wish you every success going forward. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

Paul Clarke - Programme Manager (Local Government Support)
Local Government Association
On behalf of the peer challenge team