

The Performance Verification Process in Local Government 2007 – 2008

A Summary Report from the
Performance Verification Group (PVG)
on Outcomes and Issues arising



Performance Verification Group

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Chairman's Foreword

As chair of the PVG for Local Government I am happy to introduce this our second Summary Report. The earlier years have already been the subject of a review - *'Reflections on the Performance Verification Process in Local Government 2003 - 2006'* - which Report was issued through the Local Government Management Services Board (LGMSB) in September 2006. The purpose of such Reports is to indicate to a wider audience what actually takes place within the PVG process in local government and perhaps more importantly to reflect both on the outcomes and implications of the work.

In seeking to comment on PVG outcomes it is essential to state clearly at the outset that the current PVG mandate derives from the existence of recent National Agreements and that the PVG process, - which of course extends to other branches of the Public Sector - was delineated originally in the *'Sustaining Progress'* Agreement and in effect carried forward into the current *'Towards 2016'* Framework Agreement. This understanding is vital since the role of the PVG can be misunderstood at times by parties seeking either to confer other remits upon it or else expecting outcomes from the process that were never envisaged. The core mandate of the PVG is *'verification'* of outcomes agreed by the relevant parties within the local government sector which outcomes, in turn, relate to defined pay awards in the relevant National Agreement.

Within the time interval covered by the present Report significant and indeed dramatic changes have taken place within the Irish economic and social environment. While the major impact of such changes came towards the end of the present review period this Report does consider some of their implications, not only for local government, but for the longer term role of the PVG process. The period in question also saw

the publication both of the seminal OECD Report on the Irish Public Sector - *'Towards an Integrated Public Service'*, in April 2008 and the subsequent Report which followed it in November 2008 from the appointed Task Force - *'Transforming Public Services'*. The launch of the latter report was also accompanied by an announcement from Government of the establishment of the - *'Special Group on Public Sector Numbers and Expenditure Programmes'* - colloquially referred to as *'An Bord Snip'*. Such developments have far reaching implications which go considerably beyond the PVG remit but they are noted in this Report from the PVG perspective.

A key observation made regularly by virtually all parties associated with local government relates to the interest and enthusiasm generated by the series of visits/inter-actions by the PVG with individual local authorities. Frankly this outcome was not originally anticipated when the PVG decided in 2003 to complement the Reports and communications received with direct face-to-face meetings but this two-way communication process has become a cornerstone of PVG activity. These inter-actions between the PVG and representative delegations from individual Authorities match both the spirit and growth of partnership now evident in the sector. It may be no exaggeration to state that *'partnership'* has evolved as a crucial factor in the modernisation process in local government and indeed many commentators, such as The National Centre for Partnership and Performance, have pointed to local government as a lead exemplar of partnership in action.

The PVG process has become an integral feature of local government life and it could be fairly stated has won acceptance and respect from all the parties involved. It has

helped copper fasten the link between pay increases awarded in National Agreements and measurable achievements on the ground in local authorities without resorting to an unduly intrusive process of scrutiny. However the rapidly changing landscape of public sector reform now underway allied to the need for decisive actions to stabilise the public finances will herald new initiatives in the sector and it is unclear at this stage as to how the PVG remit might be altered in this new climate. It is significant however to note two observations from the Task Force on the Public Service Report – ‘Transforming public services’ that impinge on the PVG process as it relates to local authorities:-

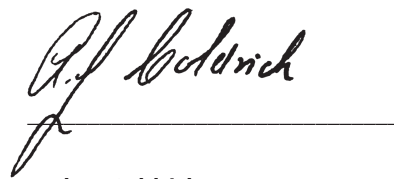
‘While the existing industrial relations focused Performance Verification process will be retained, new forms of invigilation of the Public Service and the quality of public management should be developed focusing on tangible improvements in service delivery’. (Section 3.1.1)

This quote supports my belief that the now refined and developed PVG approach not only has independent value and purpose but could and perhaps ought to be assimilated into any new ‘invigilation’ mechanisms now contemplated by Central Government. Furthermore an important parallel factor that transcends the entire PVG process is the vital role of ensuring service delivery and a second quote from the above Report reflects this:-

“Local government structures should be drawn upon to enhance public service delivery, particularly through leadership at local level of shared services, case-based approaches and integrated responses. The position of Local Government, as the level of government closest to the citizen, puts it in an effective position to provide the local leadership role.”

It is clear that local government structure and the activities and processes it engages with will be central to the ongoing delivery of change and modernisation in the coming years and that refined review mechanisms evolving from the PVG initiative are likely to form part of such reviews. Some of the thinking in this Report reflects how such mechanism might operate.

In carrying out our work to-date the PVG has enjoyed notable cooperation and goodwill from many quarters and on behalf of the members I would like in particular to thank the Department of the Environment, Heritage and Local Government; The Local Authority National Partnership Advisory Group (LANPAG); The Local Government Management Services Board (LGMSB); and all the local authorities; it has been a privilege to engage with them.



Arthur Coldrick

*Chair-PVG –Local Government
May 2009*

1. Context

1.1 The period in question and its immediate aftermath to the end of 2008 witnessed a dramatic turnabout in Ireland's overall economic fortunes and while all the involved parties may still subscribe to the ideals of the current (T2016) Agreement it is clear that any future public pay awards and their implementation will, at the very least, be the subject of further intense debate and negotiation. While a framework for future awards in the public sector has been agreed – to follow in effect a one year pay freeze to September 2009 - the deterioration in the public finances appears to place even those awards in doubt. While these events are to a degree 'external' to the PVG process and did not in essence impinge on the period here under review they may be highly significant for the continuation of any PVG or related mechanism and consequently are deserving of comment here when future developments are considered.

1.2 While the T2016 Agreement remained the benchmark reference point for PVG activities in 2007/'08 complementary core documentation issued within the period with clear implications for the local government sector. This core documentation included:-

- a) *The OECD Public Management Review on Ireland: - 'Towards an Integrated Public Service' (April 2008)*
- b) *The Report of the Task Force on the Public Service –'Transforming public services' (November 2008)*
- c) *Report of the Organisational Review Programme (Pilot Phase) (November 2008)*
- d) *LANPAG Strategic Plan 2008 - 2011(launched November 2008)*

The twin forces of dramatic changes in economic circumstances and the emergence of far reaching suggestions for further public sector reform and modernisation provide a totally new scenario within which any future PVG activity in the local government sector would take place. Both forces will almost certainly influence the nature and scope of any such PVG activity.

1.3 At the beginning of this term of office for the PVG however the situation was relatively stable with respect to pay and modernisation in that the T2016 Agreement laid down the parameters and it was therefore possible to plan PVG activities

along conventional lines as were originally adopted in the 'Sustaining Progress' scenario.

1.4 In cooperation with LANPAG however the PVG was determined to seek clarity and coherence with respect to declared outcomes from Authorities and the template adopted for individual authority returns was modified to reflect this (see *Appendix 2*) as was the Agenda put out by the PVG for site visits. The aim was at all times to deal with the realities on-the-ground and not with statements of declared intent or submissions which reflected 'aspiration' rather than 'achievement'. In earlier returns and during exchanges with individual authority teams in the 2003 – 2006 period the PVG was presented on many occasions with progress that was declared to be 'ongoing' and with actions that were deemed to be 'capacity building'. While such statements were reasonable at an initial stage more precise and measurable outcomes were clearly desirable in this period and in fairness were by and large forthcoming.

1.5 What was clearly evident to the PVG throughout this review period was the deeply embedded partnership ethos that now exists in the sector; this leads to the expectation that the partnership 'way' could continue to function well in the absence of any national accord or indeed without any parallel incentives by way of linked pay awards. A continuing role for partnership is also highlighted in recent Reports which again emphasise renewal and modernisation in the public sector generally, e.g. -

"We believe that mobilisation of the staff of the Public Service and their trade union representatives through partnership based on achievement of the highest standards of performance can be a major asset in the renewal process" (from Executive Summary – 'transforming public services' – Task Force Report – Nov. '08)

1.6 The overall context then reflected two linked but different scenarios:-

- An initial stable environment influenced by the T2016 Agreement and the prevailing strong partnership ethos;
- The looming prospect of fairly drastic change brought about by external factors which would require radical adjustments in the public service generally.

2. Operational Activity

2.1 Under the terms of the T2016 Agreement the re-constituted PVG held its first meeting on the 22nd January 2007. (*The PVG Membership is listed in Appendix 1*). Five subsequent formal meetings of the Group were held, the last taking place on 15th July 2008.

2.2 In addition to the formal meetings of the PVG all thirty four local authorities were met on two occasions in the period. This was achieved by splitting the PVG membership into two representative teams and designating some authorities as 'host' sites to which others came at agreed dates to meet with the designated PVG team.

2.3 The period consolidated the now established PVG operating format which might be summarised in the following steps:-

- Priorities agreed with LANPAG and template for returns designed
- Issue of relevant documentation to authorities through LANPAG
- PVG agreement on nature and structure of site visits
- Examination of returns from authorities
- Carrying out of site visits in two representative teams
- Liaison with Department of the Environment, Heritage & Local Government
- Liaison with other PVGs
- Responding to recommendations from Secretary General
- Making any necessary suggestions to authorities experiencing difficulty

2.4 As on previous occasions returns from the authorities were initially divided among the PVG members so that in effect each member studied five or six returns in depth and then shared their views with the other members in plenary session. This process also stimulated thinking with regard to what additional topics might be raised in the course of site visits.

2.5 The composition of the local authority groups meeting with the PVG was essentially determined by the individual authorities but appropriate 'representation' was deemed by the PVG as necessary. In general, as a result, a wide representation of grades were present at each session and both the composition of the groups and the conduct of the exchanges with the PVG team reflected a strong 'partnership' ethos.

- 2.6** As stated on earlier occasions the challenges facing individual authorities can vary greatly depending, for example, on demographic and other criteria and while the PVG would hold the view that an overall template for reporting progress still makes sense, it is again observed that the process should also allow individual authorities to make unique observations on their own circumstances. The face-to-face exchanges with the PVG facilitates this and provide another justification for the inclusion of such meetings in the overall methodology.
- 2.7** In addition to the established links with the authorities, the PVG also liaised with the Department of the Environment, Heritage & Local Government and indeed the period saw a notable advance in this relationship with designated officers from the Department assuming 'observer' status both at selected PVG meetings and at some PVG team meetings with authorities. In the opinion of the PVG this innovation has been successful and provides an important channel for information exchange.
- 2.8** While not as intensive as in other verification periods the Local Government PVG did liaise with other PVGs and one formal meeting of the Chairs of all PVGs took place during this term. While purely fortuitous the fact that two members of the PVG group served on parallel PVGs provided an overview that assisted deliberations.
- 2.9** The ongoing relationship with the LGMSB proved invaluable and it is important to note that administrative support to the PVG was again provided through that body. As an 'expert' agency and as an information bank the LGMSB was a key resource to PVG function.
- 2.10** In the overall context of PVG operations it again must be stressed that all the members were in effect volunteers and all fully engaged elsewhere with their primary activities. While in our view this situation did not hinder PVG function it naturally placed constraints on both the nature and scope of assignments that could be carried out.

3. Outcomes

Note; The 'outcomes' mentioned here derive from the conventional PVG activity in the 2007-2008 period and do not dwell upon the changing 'external' environment. Implications for the future which consider such change are dealt with in the next Section.

3.1 The 2007 - 2008 phase of PVG activity in the local government sector proceeded according to plan, took place within the designated time parameters and engaged with all thirty four major authorities in the country. A core outcome as a consequence has been the further integration of the PVG process within the Irish local government system and its acceptance as an integral part of the modernisation process by all the parties involved.

3.2 The methodology adopted by the PVG in the sector has proved both robust and popular and could serve as a template for further action should external circumstances warrant it.

3.3 The size and composition of the PVG is deemed suitable for the activities involved. With representation from management, trade union and independent nominees the PVG group generated broad acceptance and its 'partnership' structure mirrored the composition of groups it encountered. Furthermore the expertise and experience of the individual members further enhanced its standing.

3.4 As observed in our earlier Report covering the 2003 - 2006 period and separately commented upon in the seminal Boyle Report (*'Performance Verification and Public Sector Pay'- Committee for Public Management –CPMR – Discussion Paper no.32 – Richard Boyle – Dec. '05*) while it is not possible to directly attribute advances in modernisation in the sector to the verification process it is eminently clear that the PVG activities again brought a sharp focus on performance and stimulated action in relation to the relevant indicators under which authorities reported.

3.5 In the opinion of the PVG notable performance improvement is further evident in the sector in areas such as:-

- *The development and application of new technology*
- *Enhanced customer service*
- *Enhanced service provision to disabled and marginalised groups*
- *Longer and more flexible opening hours*
- *Waste management*

- *Faster responses on relevant written submissions from citizens*
- *Flexible working arrangements*

While such improvements, and the above are but examples, could not be said to have taken place in all authorities, they are representative of the general trend.

3.6 While to an extent taken for granted, the PVG notes particularly the stable industrial relations climate that is now evident throughout the local authority system and is of a view that this stability owes much to the nature of the T2016 Agreement and the verification process inherent in it. Linking pay awards to the delivery of agreed targets has concentrated minds and has brought about both a further degree of accountability and transparency.

3.7 Inevitably a number of issues that impinged on the PVG remain to be resolved and might be described as *'work in progress'* among these are:-

- The parallel range of reviews and controls to which authorities are subject and to which they must devote time and other resources. These include Departmental and statutory audit procedures, 'value for money' checks; Independent Performance Assessment visits, checks on compliance with statutory environmental norms etc, and of course the everyday scrutiny which is an integral part of the local democratic system. While such monitoring is a part of the everyday life of an authority they collectively place a burden on resources and can lead to what has been described as *'review fatigue'*. This matter is mentioned here as it frequently was alluded to during PVG site visits and it is explored again under the 'Future' heading.
- The question of retrospective payments of awards following delayed compliance with agreed procedures/indicators remains a contentious subject and of course this topic goes beyond the local government sector. It is further complicated by the fact that it might not always be possible to ascribe responsibility to the worker(s) in question as a failure to deliver on a target might be down to factors beyond their control e.g. –'technology', 'management', 'lack of resources' or whatever. It is nevertheless a key question as any automatic payment of awards after delayed compliance could be seen to cast doubt on both the operation and fairness of the overall PVG process. * (see Appendix 3)

3.8 The following summary points therefore broadly represent the PVG scenario in the local government sector at the end of 2008:-

- The PVG process is well established, it can operate effectively to a developed pattern and is respected within the sector;
- The process has helped establish transparent links between 'performance' and 'reward' and in doing so has contributed to a climate of stable industrial relations;
- The tri-partite nature of the PVG composition blends well with the partnership ethos now dominant in local authorities and helps sustain it;
- The site visits pioneered by the PVG have stimulated constructive reflection within authorities on both the nature and extent of progress under modernisation and on the essential contributions necessary from all grades to achieve it;
- Although created under the aegis of the 'Sustaining Progress' and 'T2016' Agreements the PVG *process* could be adapted as an independent stand-alone participative review methodology for assessing and encouraging progress e.g. in considering potential cost savings, or in formulating priorities for service enhancement.

4. Future Directions and Possibilities

4.1 While the PVG process is now firmly established within the Sector its role to-date derives entirely from the existence of both the current and previous National Agreements, i.e. 'T2016' and 'Sustaining Progress'. While logically any consideration of further PVG activity might, and perhaps ought to follow this trend the situation is somewhat complicated by the economic circumstances now pertaining. Accordingly it might be argued that two main options exist in contemplating future directions:-

- a) *Any PVG actions in the sector remain linked for the present to the future of the T2016 Agreement; the PVG would essentially remain in 'standby' mode and then agree with LANPAG and with the Department of the Environment, Heritage & Local Government a fresh term of activity once a firm new pay element was agreed and consolidated.*

- b) *The PVG, following consultation, might undertake – or be requested to undertake - an ongoing review process with local authorities based on PVG experience and acceptance to date, which process might be integrated into parallel national developments aimed at achieving cost reductions, modernisation and the consolidation of partnership processes already operating within the Sector.*

This Section explores some elements of both the above strands.

- 4.2** The logic of remaining in ‘standby’ mode would reinforce the nature of the PVG itself as an established verification mechanism deriving from the overall framework of National Agreements. The tasks of the PVG when activated at a future stage would remain linked to verifying agreed outcomes against pay awards granted through the relevant Social Partner concordats and in making independent recommendations to the Department of the Environment, Heritage & Local Government based on proposals received.
- 4.3** There is much to commend this approach since it would reflect both the origin and aims of PVG activity; the precise nature of any future actions under National Agreements would of course also be determined in part by the position adopted by other PVGs.
- 4.4** Given that the Task Force on Public Sector Reform has already alluded to a likely continuation of PVG activity then what remains is for the nature and timing of such actions to be agreed at national level. One possibility would be for the PVG to continue in a monitoring role by helping authorities focus both on agreed targets and possible innovations in modernisation. In essence this would mean a continuation of the process *but without the complementary stimulus of related pay awards.*
- 4.5** A further variation of this theme would be to ‘park’ the original PVG focus and simply make use of the process methodology now refined during recent years and use the tri-partite monitoring process for other purposes, e.g. the achievements of cost savings. Such an innovation would be radical but it would reflect the current drive for effectiveness and efficiency in the public sector generally and perhaps obviate the necessity to create new monitoring and control mechanisms? Of course a national and departmental agreement to such a possibility would be necessary before anything could be implemented. It is possible, for example, that such a role might not appeal to all parties.

4.6 Before any refined or enhanced role for the PVG might be rejected it may be important to consider the much wider role of local government within the entire renewal process now facing the country: - e.g. *(as already quoted)*-

'Local Government structures should be drawn upon to enhance public sector delivery, particularly through leadership at local level of shared services, case-based approaches, and integrated responses. The position of Local Government, as the level of government closest to the citizen, puts it in an effective position to provide this local leadership role'. (Section 4.4 – 'Deepening Citizen Engagement' – Report of the Task Force on the Public Service – "transforming public services" – Nov '08)

In activating local government structures further it is clear that the current partnership mechanisms ought to play a key role and that in turn such activity could be boosted by a PVG presence?

4.7 In conclusion it would appear that among the possibilities that now exist are:

1. Let the PVG cease activity and await re-activation when an appropriate stage has been reached in any prevailing Agreement linking pay and performance.
2. Confer a monitoring role on the PVG within the sector whereby it would continue to operate but in the absence of parallel pay awards.
3. Consider the PVG era ended but adopt the tri-partite monitoring mechanism developed by the PVG as a component in achieving enhanced performance, modernisation and the citizen centred focus as now sought for the public sector generally.

While the emergence of any future PVG role awaits external developments and decisions the process is a robust one refined and tested in a spirit of partnership and it has both flexibility and appeal that ought to lend itself to integration with future modernisation within the sector.

Appendix 1 – PVG Membership 2007 - 2008

TOWARDS 2016 PERFORMANCE VERIFICATION GROUP 2007 - 2008

Chairperson

Mr Arthur Coldrick, Founder, AC Network

Trade Union Representatives

Mr Matt Merrigan, National Industrial Secretary, SIPTU

Mr Peter Nolan, National Secretary, Local Government Division, IMPACT

Management Side Representatives

Mr Danny McLoughlin, Westmeath County Manager

Mr Ned O'Connor, South Tipperary County Manager

Independent Members

Mr John Dunne

Ms Annette McNamara

Executive and Administration

Ms Chris Gavigan, Assistant Chief Executive, LGMSB

Ms Geraldine Browne, Partnership Officer, LANPAG

Appendix 2: Reporting template

LOCAL AUTHORITY PROGRESS REPORTS (March 2008 Payment)

INDICATOR CHECKLIST	Verifiable progress since June 2007		Comments (if any)
	Yes	No	
Co-operation with ongoing change/modernisation			
Staff flexibility in the light of changed business requirements/ alterations in work procedures as necessary			
Enhanced team working			
Outsourcing			
Redeployment of staff			
Enhanced attendance at work			
Introduction of new work practices			
Enhanced links with local community			
Provision of information required by Service Indicator process			
Industrial relations climate enhancement			
Extended opening hours/ enhanced customer service			
Better use of IT			

INDICATOR CHECKLIST [cont'd]	Verifiable progress since June 2007		Comments (if any)
	Yes	No	
Better service to marginalised groups			
Expanded options for customer payments			
Participation in e-procurement			
Enhanced Website			
Examination of the potential for shared services as per recommendations or Review Group			
Staff Training			
Open Recruitment			
Implementation of PMDS			
Health & Safety Enhancement			
Equality			

Signed: _____ (Chairs) Partnership Committee

Appendix 3: Retrospective payments and the Labour Court

The topic of retrospective payments under T2016 was in part addressed by the Labour Court in the specific case of Wicklow County Council and SIPTU on the 8th January 2009. The recommendation (LCR 19434) in essence challenges the 'automatic' entitlement to retrospection but as the subject matter of the hearing - 'Paypath payments' could be deemed a unique example it is possible that further discussions/verdicts may follow.

FULL RECOMMENDATION

CD/08/585
(CCc-059429-08)

RECOMMENDATION NO. LCR19434

INDUSTRIAL RELATIONS ACTS, 1946 TO 1990
SECTION 26(1), INDUSTRIAL RELATIONS ACT, 1990

PARTIES:

WICKLOW COUNTY COUNCIL
(REPRESENTED BY LOCAL GOVERNMENT MANAGEMENT SERVICES BOARD)

- AND -

SERVICES INDUSTRIAL PROFESSIONAL TECHNICAL UNION

DIVISION:

Chairman: Mr Duffy
Employer Member: Mr Grier
Worker Member: Mr O'Neill

SUBJECT:

1. Retrospection of payment under Towards 2016 (T16).

BACKGROUND:

2. The Union is seeking retrospective payment of 3% from 1st December, 2006, and 2% from June, 2007, in relation to co-operating with the introduction of paypath. The Council's case is that on 18th February, 2008, it was confirmed by the Union that the 10 workers concerned had finally agreed, after numerous delays, to have their salaries paid by paypath. The Council authorised payment of the increases due under T16 from 1st December, 2006, and 1st June, 2007, but only to be applied from 18th February, 2008. The Union, however, is claiming that the increases should be paid from the due dates and is seeking the retrospection.

The dispute was referred to the Labour Relations Commission and a conciliation conference took place. As the parties did not reach agreement, the dispute was referred to the Labour Court on the 12th September, 2008, in accordance with Section 26(1) of the Industrial Relations Act, 1990. A Labour Court hearing took place on the 12th December, 2008.

UNION'S ARGUMENTS:

3. 1. The issue of the workers signing up to paypath was complicated by ongoing industrial relations problems within Bray Fire Station over a number of years. As a result, the issue of paypath was never properly addressed by the parties for a considerable period.
2. There is no reason why retrospective payments cannot be paid when people do agree to the use of paypath.

COUNCIL'S ARGUMENTS:

4. 1. The withholding of payments from people who did not co-operate with paypath was authorised by the Secretary General of the Department of the Environment, Heritage, and Local Government.
2. The Council made it very clear to the workers on a number of occasions the consequence of not agreeing to paypath. When they finally agreed the Council authorised payment immediately.

RECOMMENDATION :

In previous cases the Court recommended payment, in whole or in part, of increases withheld under the Public Service Pay Agreements associated with Sustaining Progress or Towards 2016. However, it did so in circumstances where either the procedures prescribed by the Agreements were not adequately complied with in reaching the decision to withhold the payments or the employees concerned were not adequately advised as to the consequences of their failure to cooperate with the measures in dispute.

In this case there is no suggestion that the appropriate procedures were not followed before the decision to withhold the payments was taken. Moreover, it is accepted that the employees associated with this dispute were specifically told that their failure to sign up for paypath would result in payments of the increases in issue being withheld.

In all the circumstances of this case the Court cannot see any reasonable basis upon which it could recommend any modification of the decision taken by the Secretary General. Accordingly, the Court does not recommend concession of the Union's claim.

Signed on behalf of the Labour Court

Kevin Duffy

8th January, 2009

CON Chairman

NOTE

Enquiries concerning this Recommendation should be addressed to Ciaran O'Neill, Court Secretary.

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