

# **PERFORMANCE MANAGEMENT REVIEW REPORT**

**MAY 2008**

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## **TERMS OF REFERENCE**

### **Aims of the Review**

The main aim of this review was to examine Members' involvement in corporate performance management arrangements and to provide confidence to Members that they would be able to have input into a process that would continue to drive improvements that would benefit the individuals and communities served by the Council. It also involved looking at recent changes within the operational environment that might impact on future developments and looked to other agencies and authorities for models of good practice.

### **Objectives of the Review**

The objectives of the review were to:

- Consult with Members about how they are currently engaged in the performance management process in order to establish whether and how the process could be improved.
- Undertake benchmarking exercises with other authorities to examine their corporate performance management arrangements in particular the involvement of Members in their performance management process to determine if there was any good practice that could be used in Halton's arrangements.
- Consult with officers of the council and partner agencies to determine their understanding and experience of the performance management process and establish ideas for its future development.
- Investigate the essential features of business planning and reporting processes from information provided by local government agencies, such as the Audit Commission and IDeA, and previous inspection comments, to determine how Halton's current plans compare and could be developed.
- Examine the current hierarchy of plans to establish the extent to which the "golden thread" is evident within the performance management framework and the extent to which service activity is aligned to and driven by corporate priorities and key areas of focus and how this could be improved.
- Determine the type and variety of performance information currently in use, how it is collected and analysed, and how this performance information is then presented to the different audiences to ensure it is relevant and easily understood
- Determine the impact on performance management requirements as a result of the new national performance framework.

- Investigate the implications of Local Area Agreements for the development of the Council's performance management framework and how they affect the involvement of Members.
- Establish whether or not there is any evidence that the current arrangements are having a positive impact on service delivery and improvement and ensure this learning can help improve future developments.
- Draw conclusions and make recommendations based on the above that will help develop a comprehensive corporate performance management framework for Halton that effectively engages Members and enables the Council to achieve its objectives to the benefit of individuals and communities in Halton.

### **Desired Outcome**

The further development of the corporate performance management framework for Halton within which Members and others can develop their role and be confident that it will comprehensively and positively help to drive continuous improvement and create mutual benefits for the Council and the individuals and communities the Council and its partners serve.

# SCRUTINY REVIEW OF CORPORATE PERFORMANCE MANAGEMENT ARRANGEMENTS

## EXECUTIVE SUMMARY

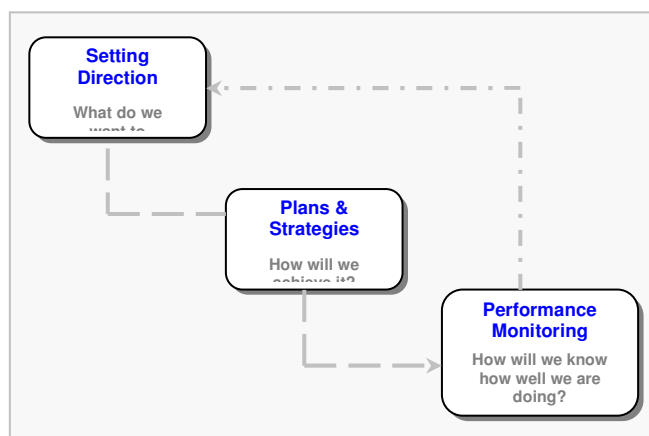
### 1. INTRODUCTION

- 1.1. At its meeting on 5<sup>th</sup> June 2007 the Corporate Services Policy and Performance Board agreed to scrutinise the corporate performance management framework in order to review and further develop Members' role in performance management.
- 1.2. The review has looked at the roles of the Policy and Performance Board Members and the Executive Board Members in order to establish how Members are currently engaged in the process and how they want to develop their input in the future.
- 1.3. In addition, it has investigated the practical elements of the performance management framework such as the service planning process and performance monitoring and reporting arrangements.

### 2. BACKGROUND

- 2.1. The authority has a well established and proven Corporate Planning Framework in place that ensures day to day operational activity is aligned to and supportive of the longer-term strategic goals of the organisation.

This framework recognises that performance information is a key element for planning, resource control, and performance review (as illustrated within diagram opposite) and that effective performance management systems and processes are used to support continuous improvement in locally delivered services.



Whilst established practices have served the authority well to date there have however recently been a number of changes within the external operating environment which have resulted in the need for current practices to be reviewed. Such changes most notably include: -

- The introduction of a new National Indicator Data Set (NIS) from April 2008.

- The strengthening of second round Local Area Agreements from April 2008.
- The evolution of the Comprehensive Performance Assessment (CPA) framework into a new regime of Comprehensive Area Assessments (CAA) from April 2009.
- The duty to inform, consult and engage in the 2007 Local Government and Public Involvement in Health Act, and the associated expectation that local authorities will publish performance information in an accessible form.

The primary purpose of the review was to evaluate the benefits of present arrangements, determine whether such arrangements would remain fit for purpose in the medium term, and identify where the potential for improvement may exist to generate added value in terms of what is produced and its impact and in enhancing the future utilisation of limited resources.

### **3. OBJECTIVES OF THE REVIEW**

3.1. The review had the following objectives: -

- Consult with Members about how they are currently engaged in the performance management process in order to establish how they might develop their roles in the future.
- Undertake benchmarking exercises with other authorities to examine their corporate performance management arrangements, in particular the involvement of Members in their performance management process to determine if there was any good practice that could be used in Halton's arrangements.
- Consult with officers of the council and partner agencies to determine their understanding and experience of the performance management process and establish ideas for its future development.
- Investigate the essential features of business planning and reporting processes from information provided by local government agencies, such as the Audit Commission and IDeA, and previous inspection comments to determine how Halton's current plans compare and could be developed.
- Examine the current hierarchy of plans to establish the extent to which the "golden thread" is evident within the performance management framework and the extent to which service activity is aligned to and driven by corporate priorities and key areas of focus and how this could be improved.

- Determine the type and variety of performance information currently in use, how it is collected and analysed, and how this performance information is then presented to the different audiences, to ensure it is relevant and easily understood.
- Determine the impact on performance management requirements of the new statutory national performance indicators.
- Investigate the implications of Local Area Agreements for the development of the Council's performance management framework and how they affect the involvement of Members.
- Established whether or not there is any evidence that the current arrangements are having a positive impact on service delivery and improvement and ensure this learning can help improve future developments.
- Draw conclusions and make recommendations based on the above that will help develop a comprehensive corporate performance management framework for Halton that effectively engages Members and enables the Council to achieve its objectives to the benefit of individuals and communities in Halton.
- Investigate the practical elements of the performance management framework such as the service planning process and performance monitoring and reporting arrangements. This was prompted by a CPA inspection in 2005, which whilst it concluded that the strengths of Halton's corporate performance management framework outweighed its weaknesses, it also suggested two areas for improvement. Firstly, the need to develop better links between service plan objectives and corporate priorities, and, secondly, that a further inspection of risk assessment was required, as it was too early to determine whether or not it was having a positive impact on service performance.
- Furthermore, since this time, a number of new developments have occurred that have implications for the way in which the authority manages the process of data collection, analysis and dissemination, these include: the emergence of Local Area Agreements, the increased need for public engagement and demonstrating that the public have helped to shape service delivery and, the introduction of a new, statutory set of 198 national performance indicators.

#### **4. CONDUCT OF THE REVIEW**

- 4.1. A working party was established, consisting of four councillors from cross party representation and four officers from the corporate policy and performance department.

- 4.2. A number of intelligence gathering and analysis techniques were adopted during the review that included:-
- An Elected Member 'away day' to facilitate discussion and feedback concerning existing and future challenges in relation to performance management.
  - Desk top research to establish national good practice.
  - On line survey of Service Plan and Monitoring Report authors.
  - One-to-one interviews with key staff involved in the service planning and performance monitoring process.
  - A visit by officers and members to Kirklees Council, an authority rated by the Audit Commission as 'four star' and 'improving strongly'.

## **5. RECOMMENDATIONS**

### **5.1. The Role of Members**

- Establish clearer lines of responsibility from Member level through to strategic directors, managers and down to individuals (this would also strengthen the understanding of the links between the Community/Corporate Plan and various levels within the Council).
- PPBs should develop their role in monitoring performance against their priority (Health, Safer Halton etc), receiving six monthly reports on progress against relevant LAA and Corporate Plan Targets and developing scrutiny of SSP performance.
- Service Plan Monitoring reports will be made available to members on the intranet and exceptions (over or under performance) will be reported to the PPB. Members may also request that aspects of the reports be discussed at the PPB.
- With regard to the Executive Board, Strategic Directors should brief their portfolio holders.

### **5.2. The Performance Management Framework and Service Planning**

- Continue to refine the process of objective setting to strengthen the golden thread, through training and improved communication
- Develop the quality assurance process for Divisional Plans
- Ensure the EDR process results in personal work plans that reflect the corporate priorities
- Revise Service Planning timetable to allow greater input by Members at the planning stage.



### 5.3. **Risk Assessment**

- Include risk assessments in the quality assurance of service plans to ensure that they are prepared at the same time as the plans..

### 5.4. **Monitoring and reporting arrangements/Use of information**

- Tailor the volume of information reported to different audiences by (1). Re-assessing content of service plan (2). Separating out some areas of the plan to be reported on at different times/frequencies.
- Investigate IT options that will enable different types of reports to be created to cater for the varying audiences that access performance information.
- Management Team will continue to see all 19 quarterly monitoring reports for the Service Plans. These will also continue to be made available to all the PPB's electronically.

### 5.5. **New NI set**

- Use the Observatory as a repository for information relating to the set of National Indicators for use by partners to ensure consistency of information amongst the partners.
- Involve the corporate performance management team work with the LSP performance groups/officers so that a single reporting framework is developed.
- Implement the new Data Quality Strategy.

### 5.6. **Local Area Agreements**

- The performance reports from the SSPs/LSP/LAA should be shared with the PPBs.
- The Executive Board should receive the same reports that go to the LSP, a quarterly balanced score and six monthly performance summary.

## **1. INTRODUCTION**

- 1.1. At its meeting on 5<sup>th</sup> June 2007 the Corporate Services Policy and Performance Board agreed to scrutinise the corporate performance management framework in order to review and further develop Members' role in performance management.
- 1.2. The topic addresses Corporate Effectiveness and Efficient Service Delivery (priority 6 in the Corporate Plan), and in particular the key objectives C and E, to translate vision and priorities into action and delivery, and to improve continuously the quality of services. Area of focus 33 in the plan is "Ensuring that we are properly structured and fit for purpose, and that decision makers are supported through the provision of timely and accurate information".
- 1.3. The review has looked at the roles of the Policy and Performance Board Members and the Executive Board Members in order to establish how Members are currently engaged in the process and how they want to develop their input in the future.
- 1.4. In addition, it has investigated the practical elements of the performance management framework such as the service planning process and performance monitoring and reporting arrangements. This was to check progress since the CPA inspection in 2005, which whilst it concluded that the strengths of Halton's corporate performance management framework outweighed its weaknesses, also suggested two areas for improvement. Firstly, the need to develop better links between service plan objectives and corporate priorities, and, secondly, that a further inspection of risk assessment was required, as it was too early to determine whether or not it was having a positive impact on service performance.
- 1.5. New developments since 2005 have implications for the way in which the authority manages the process of business planning and performance monitoring. These include: the emergence of Local Area Agreements, the increased need for public engagement including in shaping service delivery and, the introduction of a new set of 198 statutory national performance indicators.
- 1.6. We need to have confidence that we have a performance management system that effectively engages Members and others in order to enable the Council to achieve its objectives will continue to drive improvement and ensure continuous improvement that benefits the communities the Council and its partners serve.

## 2. POLICY CONTEXT

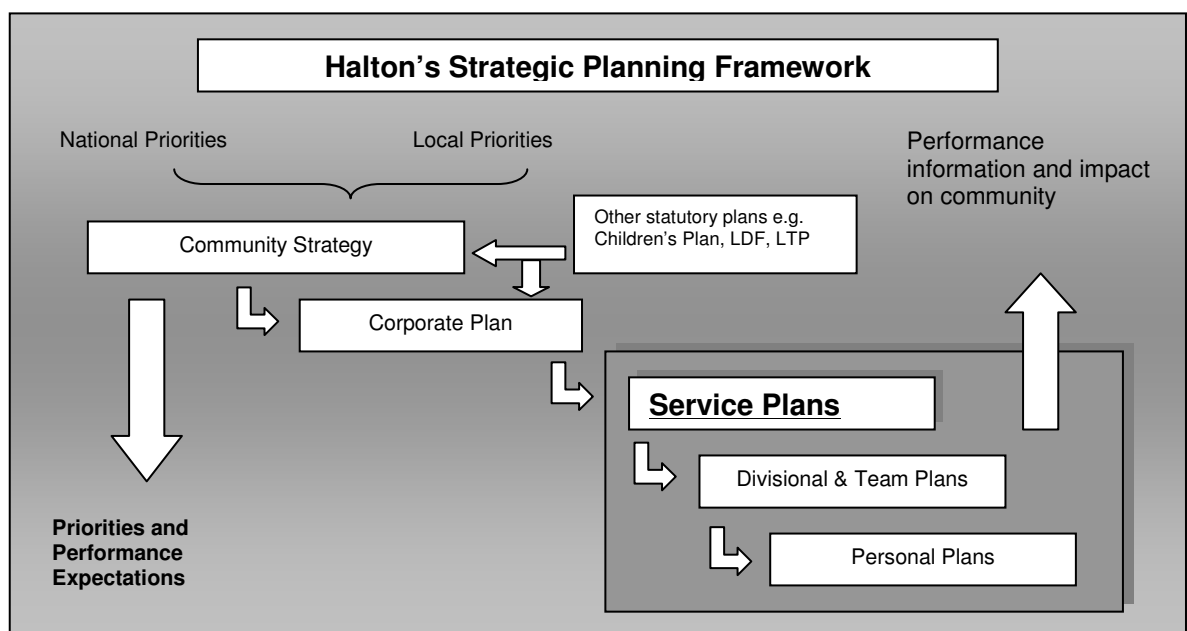
### 2.1. National Policy

As part of the Local Government White Paper 'Strong and Prosperous Communities', October 2006 the Government set out a new way of managing performance between central and local government and its partners, to meet the needs of their communities and tackle complex cross-cutting issues like climate change, social exclusion and anti-social behaviour. A Local Area Agreement (LAA) is a three-year agreement, based on local Community Strategies, which sets out the priorities for a local area agreed between Central Government and a local area through its Local Strategic Partnership (LSP), led by the Council. LAAs will be the core mechanism by which Government assesses local performance against key targets.

As part of this process the government has brought in a new set of 198 National Indicators to measure performance for the area as a whole. The intention was to reduce the burden of reporting on Councils and encourage them to engage more effectively with partners and the public in the delivery of local service.

### 2.2. Local Policy

The Corporate Plan presents the Council's response to how it will help to implement the agreed Community Strategy. The Corporate Planning Framework consists of a hierarchy of plans that are directly aligned to ensure the corporate priorities and strategic objectives of the Council are cascaded down the organisation through properly outcome-focused targets. This is known as the 'Golden Thread'.



The Community Strategy outlines how the Halton Strategic Partnership, led by the Council, intends to transform Halton over the next five years.

The Corporate Plan sets out how the Council will deliver its contribution to achieving a community strategy. The Plan provides focus for all that the Council will do over the next five years.

Departmental Service Plans set out how the Council's Directorates intend to deliver their particular responsibilities and address the key challenges facing them to help deliver the Corporate Plan.

Divisional Plans outline the key tasks needed to help deliver the Directorate Plans and ensure that tasks are properly managed and delivered.

The Personal Development Plans of individual employees ensure that every employee has an identified a set of key tasks that will help to deliver the corporate objectives, and that their training and development is focused on corporate aims.

Integrating service planning with resource planning is essential to make sure we can achieve our vision. Essential complements to of the Corporate Plan are the Council's medium-term Financial Plan and the Workforce Development Plan which from part of the framework for managing the resources that will help to deliver the Corporate Plan. Service Plans provide the focus for the Council's current performance management system whilst the Community Strategy and LAA are the focus for the HSPB's performance framework. The introduction of the National Indicators and LAAs require us to review the way this relationship works.

### **3. REVIEW METHODS AND FINDINGS**

#### **3.1. Overview of Review**

A working party was established, referred to as the 'Group'. The Group consisted of four councillors from cross party representation and four officers from the corporate policy and performance department. The approach taken by the Group was to employ a mixture of: desk research; consultations, in the form of one-to-one interviews, meetings and surveys; and comparison/benchmarking exercises, which included a study visit to another local authority.

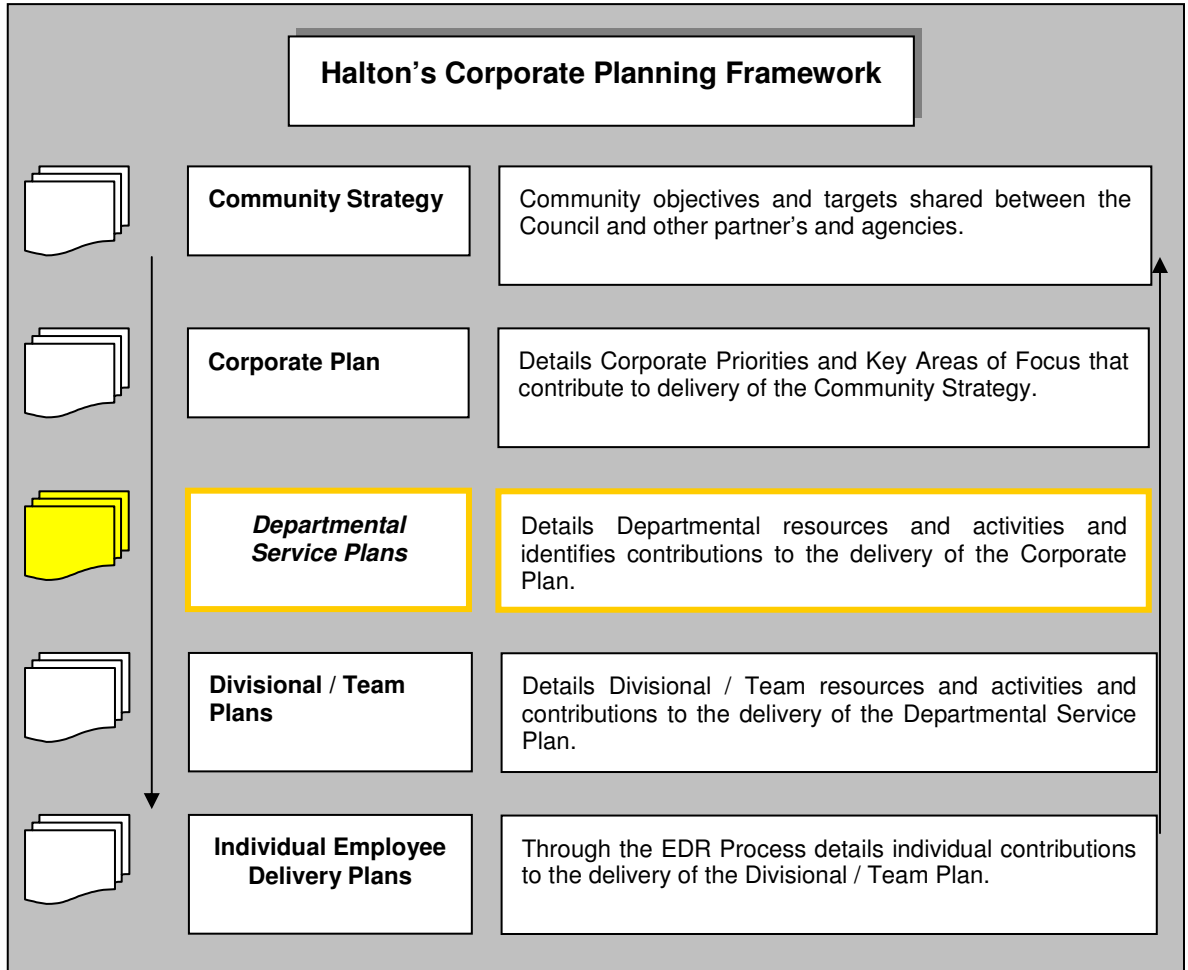
#### **3.2. Findings from the Desk Based Research**

##### **a. Map of existing links between service and corporate plans**

The desk research revealed that the current Corporate Planning Framework consists of a hierarchy of plans that are directly aligned to ensure the corporate priorities and strategic objectives

of the Council are cascaded down the organisation through properly outcome-focused targets. This is known as the '**Golden Thread**' and is demonstrated in table 1 below:

**Table 1: Halton's Corporate Performance Management Framework**



The term 'the golden thread' is one that was adopted by the Audit Commission to describe the way in which the activity of departments, divisions, teams and individuals, can be linked to the achievement of organisational goals as illustrated within the diagram above.

The 2007 – 08 Departmental Service Plans interrogated to determine the extent to which service objectives and performance indicators have been referenced to, and aligned with, the authority's Corporate Priorities and their associated Key Areas of Focus.

The findings were very positive in that there were only a small number of objectives and indicators that were not directly referenced to corporate priorities. But, whilst most service

objectives were linked directly to one Corporate Priority and Key Area(s) of Focus there were a number of exceptions.

Within a number of departmental service plans a small number of service objectives have been identified which have been linked to a number of different priority areas. Whilst this approach does not mean that the 'golden thread' has necessarily been broken it does make it more complex and less visible.

Whilst there is extensive evidence that departmental activity is being referenced to corporate priorities there is a need to ensure that such links are meaningful and that corporate priorities are driving service activity as opposed to service activity being retrospectively linked back to priorities.

Although this initial examination did not extend to the level of Divisional Plans and Individual Personal Action Plans the examination of performance management arrangements by external auditors (2005) stated that:

*Staff objectives, targets and performance are now linked into the overall performance management framework; the EDR process links to service plans which in turn link to service objectives and council priorities. This is a clear improvement since 2002.*

As there are presently no indications that this situation has changed at this stage it is not considered necessary to undertake an audit of documentation below departmental level.

**b. Research into the essential features of service planning and reporting of information**

The desk-based work in relation to examining the advice of the various professional organisations indicates that there is no one right way to structure a service plan, but they are all in agreement that every service plan should have in some form:

- Current performance
- Objectives and needs
- Means of achieving objectives
- Ways of measuring success

And that these can be addressed by asking the following basic questions.

- **Why are we here?** (What is the purpose of our service?)

- **Where are we now?** (Establish the context of the service and how well the service is currently performing)
- **Where do we need to be?** (In order to achieve the councils objectives and customer expectations)
- **How do we get there?** (Establishing a clear plan for closing the gap between where the service is now and where it wants or needs to go)
- **How do we know we are there?** (The need for performance information and monitoring to maintain progress and provide real improvements for local people)

H M Treasury in conjunction with the Cabinet Office, National Audit Office, Audit Commission and Office for National Statistics have produced a Framework for Performance Information called 'Choosing the right FABRIC'. It sets out the general principles behind producing high quality performance information, that is information used to measure an organisations progress towards its objectives.

Whilst the guide is not a set of hard and fast rules it emphasises the importance of performance information as part of a good business or service plan. It states that a good performance management system should be:

<b>Focused</b>	on the organisations aims and objectives
<b>Appropriate</b>	to, and useful for the, the stakeholders who are likely to use it
<b>Balanced</b>	giving a picture of what the organisation is doing, covering all significant areas of work
<b>Robust</b>	in order to withstand organisational changes or individuals leaving
<b>Integrated</b>	into the organisation, being part of the service planning and management process and,
<b>Cost Effective</b>	balancing the benefits of the information against the cost

Good performance information can also help to inform management decisions and is therefore a vital part in helping an organisation to set strategies and policies to meet its priorities. It also states that if the various stakeholders, such as the public and partners are able to understand the performance information, this will empower them and enable them to be more involved in

decision making or delivery of local services. It also makes the Council more credible because accountability can be clearly seen.

The key aspect of this is that information should focus on the Council's priorities. In addition, consideration should be given as to who will view the information. Information of value to Members may be different from that of value to Managers. Similarly, information of interest to customers is likely to differ again. Different stakeholders will have different needs for the performance information and possibly a different perspective on what 'good' performance is so the performance information needs to be well balanced.

Performance measures need to be established in partnership with stakeholders to prevent a bias and should use a range of economic, efficient and effective measures. Issues of timeliness, quality and cost also play a part. As with the service planning aspect creating the plan or performance measure is one thing, using it, and using it effectively is another. The effectiveness of both depends on the culture and values of the organisation and requires good leadership and communication.

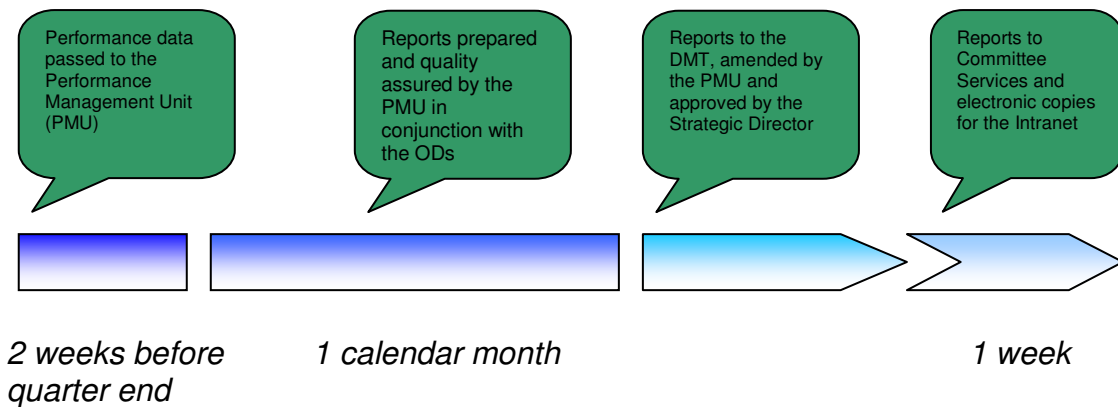
**c. Examination of the range of performance information gathered and used in the production of Halton's quarterly monitoring reports.**

Each service department is required to prepare and submit a quarterly monitoring report to both Management Team and the relevant Policy and Performance Board that identifies both key issues for the department and the progress that is being made in terms of the achievement of service objectives and performance targets.

The reporting system is based upon relatively simple templates formulated from Microsoft word applications. However, for the 2008 -11 suite of plans, service objective and performance indicator data will be collated using EXCEL spreadsheets that will facilitate a greater degree of flexibility in data analysis and presentation.



Quarterly monitoring report arrangements are as follows:



The deskwork revealed that the volume of information contained within the existing suite of service plans in relation to objectives, key milestones and targets was considerable.

**Table 2:**  
**Illustration of Objectives, Key milestones and PIs in relation to Priority Areas**

Priority Area	Objectives / Key Milestones	Performance indicators	Total
Health Halton	57	51	<b>108</b>
Urban Renewal	50	64	<b>114</b>
Children & Young People	46	61	<b>107</b>
Employment learning & skills	26	23	<b>49</b>
A Safer Halton	13	26	<b>39</b>
Business Efficiency / effectiveness	178	141	<b>319</b>
<b>TOTAL</b>	<b>370</b>	<b>366</b>	<b>736</b>

Table 2 above also illustrates the extent of information, which has been linked to each of our priority areas.

This confirmed that there was a vast amount of information being recorded and also that nearly half of the objectives and milestones and the associated indicators were inwardly focused, that is concentrated on organisational business efficiency and effectiveness. Far fewer were directed at the individual priorities.

What was also significant is that this information is only available in one format, the quarterly monitoring reports. However there is a variety of primary audiences who might want to receive and use such information, as summarised in table 3 below.

**Table 3:  
Potential audiences for Performance Management  
Information**

<i>Recipient</i>	<i>Primary use</i>
Operational Directors	To ensure that the day to day operations of the department are performing as planned and where necessary make the necessary interventions.
Strategic Directors	To hold Operational Directors to account.
Management Team	To ensure that the organisation is progressing satisfactorily in terms of meeting its strategic objectives and to use such information in advising Council on the future allocation of resources
Executive Portfolio Holders	To manage performance in their portfolio area
Executive Board	To ensure that strategic objectives are being met and that services are providing value for money
Policy and Performance Boards	To scrutinise performance to ensure that planned activities are being carried out and that performance is being managed effectively.
Regulators	Monitoring performance and the use of resources of local bodies and publishing comparative performance information at a national level.
Service users and the community	Understanding what is being achieved and holding the authority to account.

The range of different audiences suggests there may be a need for a variety of different reports.

In addition, and as discussed earlier, in a relatively small number of cases departmental objectives/ key milestones are linked to a number of different Corporate Priorities. Within existing arrangements this may mean that PPB's receiving reports may be provided with unnecessary information whilst those who may expect to receive it do not.

#### **d. Risk Assessment**

The corporate approach to managing departmental risks is that all Departmental Service Plan objectives are subject to risk assessment in order to ensure that the factors, which may influence their achievement, are, as far as possible, mitigated against. These assessments are recorded in departmental and directorate risk registers and action plans implemented to combat any problems that are identified. However, the following issues were identified through the consultation process.

Risk assessments are not always carried out at the time of writing the objectives, with informal assessments being made initially, followed by formal documented assessments at a later date.

A review of Risk Management last year found that some risks in directorate risk register were not clearly linked to service objectives.

**e. The impact of the new, statutory, National Indicator Set (NIS)**

Central Government recently reduced the numbers of PIs collected to 198 to reduce the burden of reporting. The set of 198 is a mixture of new indicators and existing ones (including some former BVPIs) which are generally outcome focused and relate to Halton as whole, extending beyond Council service outcomes. The current set of BVPIs will no longer be reported (except for a small number included in the new NI Set). However, the Council may wish to continue to collect some of these indicators, and set targets for them, for its own purposes.

The LAA will include up to 51 indicators drawn from the national indicator set for which targets will be agreed with Government and which will be subject to performance management by central government. The results against all 198 indicators will be published annually as part of the Comprehensive Area Assessment.

In addition, Strategic Directors will need to ensure that whoever is responsible for collecting data relating to an indicator takes into account the fact that the LSP will be required to use up to 51 of these indicators in their Local Area Agreement and this information needs to be drawn together.

Halton has invested in a Data Observatory to provide a central repository for statistical and performance information. This is a joint approach between LSP partners. The Research and Intelligence Unit of the Council act as the gatekeeper for information.

Some information outside the 198 NIs will still be required by Inspectors and Regulators, for example, OFSTED and DCFS who have previously carried out annual performance assessments, using a large basket of indicators. They have stated that although they will no longer be carrying out these annual assessments they will still require information for what they call 'activity data'.

This type of 'data harvesting' is also likely to take place in other areas and in many respects may be more onerous to collect in that it will be called for on an uncoordinated basis, rather than as part of a planned programme. Information of this nature may also still

be required for the 'Use of Resources', 'Direction of Travel' and 'Risk Assessment' section of the Comprehensive Area Assessment

**f. The impact of Local Area Agreements**

There is a clearly defined link between the targets and outcomes of the LSP/LAA and the Council, and a sharing of responsibility with regard to the management of performance information. The advent of the new LAA provides an opportunity to explore the scope for rationalising partner's roles.

**3.3. Findings from the consultations**

In recognising the benefits of stakeholder engagement in reviewing current practice a number of consultations took place with Members, officers and partners, as follows:

**a. Performance Management Team**

Key comments and findings:

- Officers believe that strong links now exist between the Community Strategy and Corporate Plan and the Departmental Service Plans and that quality assurance and control has improved. Divisional Team Plans are not quality assured centrally due to lack of capacity but it has been suggested that they are put on the intranet for peer and Member scrutiny and, if possible, to develop the capacity in the future to select Divisional Plans for quality assurance on a rolling programme basis over several years.
- Officers commented that Service Plans contain a considerable amount of information. However, because this is presented departmentally it is not always possible to see the bigger picture. That is, it is not always possible to see how the Council is planning to deliver its corporate priorities. It was suggested that the resulting amount of performance monitoring information was overwhelming. Because some services contribute to the delivery of more than one of our five priorities, their performance is reported in full to several PPBs even though not all of the report is relevant to each individual Board. More targeted reporting was suggested as an alternative. It was also suggested that the service plans should be more strategic in nature and the divisional plans could pick up more of the operational aspects, meaning that some of the information in the service plans could be dropped into the Divisional Plans. It was also suggested that alternative forms of reports should be created, such as thematic or exception reports, for the benefit of different audiences.

- It was noted that a number of services have other plans that they have to compile, such as the Children and Young Peoples Plan and the Local Transport Plan and therefore the production of the Service Plan, though necessary was seen as additional work.
- It was suggested that, where possible, plans and their targets should be as co-ordinated as possible in order to reduce the duplication of reporting.
- Whilst most objectives are now driven by corporate priorities it was felt that, in a few instances, the Service Plan objectives seemed to be linked to the corporate objectives as an after thought. Work needs to continue in relation to developing objective setting in order to eliminate this.
- Objectives have become more outcome focused but sometimes it is still difficult to evidence tangible outcomes (eg objectives to review or write strategies).
- Risk assessment has improved but could improve still further.
- The new national indicator set is supposed to reduce the burden of reporting but there is no real evidence of this. According to the performance officers the new set do not serve the service plans well in some instances, therefore a number of the old indicators may need to be retained as local indicators, or for other purposes such as to use for the Use of Resources.

**b. Chairs Away Day held on 6<sup>th</sup> December 2007**

As part of the review it was essential to consult with the PPB Chairs to ascertain their views on their involvement with the corporate performance management process. To provide an independent approach to this, a Principal Consultant from the Improvement and Development Agency, (North and Midlands), was called in to provide background information relating to performance management, examples of good practice, and details of the new challenges facing local government through the new performance management framework in order to help compare these to Halton.

The key comments and findings arising from the ensuing discussion were as follows:

- Councillors acknowledged the importance of partnership working in relation to developing performance information, and this raised the importance of working more closely with the Local Strategic Partnership on the Local Area Agreement.

- The Members also discussed the role of the PPBs and Executive Board. Members felt that there was a need for more involvement from the Executive Board and for more strategic rather than operational information.
- It was commented on that a number of the targets at a higher level are long term, for example improving mortality rates, but there was a need to ensure that there are shorter-term goals so that people can see some realistic improvements in the short and medium term.
- One Councillor emphasised the need to have local indicators for local issues, not just the national set of indicators, in order to respond more readily to things of issue to local residents.
- There was a mixed response to the amount of information produced for quarterly monitoring reports. Some found it problematic because much of it was not relevant to their particular PPB. However, others to look at all the information. One suggestion was to continue to make the service plan quarterly reports available to PPB Members on the intranet, and provide exception reporting to the PPBs, but there was still concern by some Members that the quarterly monitoring reports lost sight of the day-to-day issues that were important to residents.
- Timing was also an issue. Some Members felt that information was out of date when they received it and wanted quicker access to the information.

### **c. Local Strategic Partnership**

A meeting was held with the Performance and Standards sub-group of the LSP to advise them about the nature of the review. Following this an individual interview was set up with the LSP co-ordinator, regarding the impact of the LAA and the new set of National Indicators. The main comments and findings were as follows:

- The LAA will have up to 51 National Indicators in their LAA. 16 of these are compulsory and relate to Children and Young People. The remaining 35 will be selected from the new national indicator set. Each of the SSPs are looking at the indicators they want to use and possible targets. This process is due to be signed off in conjunction with the Government Office North West in June.
- Local Indicators may also be created but not necessarily reported by the same means as the national indicator set.

- Until recently, one of the LSP co-ordinators has collected the performance information from the various projects. However, this has led to some duplication of performance information with the Corporate Performance Management Team.
- In future it is intended that the LSP officer responsible for performance issues will work more closely with the corporate centre to ensure there is no unnecessary duplication of performance information.

**d. Head of Research & Intelligence**

This was an investigative interview to determine how the Data Observatory might play a role in the compilation of information for the new National Indicator set.

The Observatory was designed as a legacy that would help all partners beyond the period of NRF money. It is an interactive information service accessible via the Internet, which holds information on many of the targets in Halton's Community Strategy and Local Area Agreement.

There are five data sharing protocols. The Council act as gatekeepers for the site.

The ability to store information that will assist in the compilation of the 198 national Indicators is currently being looked at.

**e. Management Team**

The key comments from the Management Team were as follows.

- The production of Directorate Plans to sit between the current Service Plans and the Corporate Plan is not favoured because of the additional burdens this would create.
- Management Team will continue to see all 19 quarterly monitoring reports for the Service Plans. These will also continue to be made available to all the PPB's electronically.
- With regard to the Executive Board, Strategic Directors should brief their portfolio holders.
- The detailed service plan monitoring reports do not need to be reported routinely to PPBs, but PPBs should receive reports on exceptions (performance significantly exceeding or falling short of its targets). Members of the PPB's should inform their Chairs if they have any specific issues arising from the monitoring reports that they wish to be discussed at a PPB

meeting.

- Provision should be made to ensure that the performance reports from the SSPs/LSP/LAA are shared with the PPBs.
- The Executive Board should receive the same report that goes to the LSP, with a form of balanced scorecard.

Whilst the quarterly monitoring reports to Management Team will remain essentially the same, this does not necessarily preclude the option of reporting by theme or priority to PPBs.

#### **f. Operational Directors**

- When asked 'What do you perceive to be the overall purpose of the service plan?' 80% of those that responded said it was to establish links between the corporate plan and service areas and to establish accountability for a service. Only 40% said that the purpose was to use it as a management tool or to help inform their own staff what the service is trying to achieve. Significantly though 80% felt its purpose was to inform Members about the services.
- 100% of respondents said it was possible to link service plan objectives with corporate objectives either fairly or very well.
- In terms of the types of monitoring reports 80% stated that they would like to be able to see a variety of reporting, such as 'themed' or 'exception' reporting as well as the existing service reports.
- 80% of respondents said that they carry out risk assessments.
- In relation to target and milestone setting none of the respondents said it was very easy and 20% said it remained very difficult.
- 100% of respondents stated that they took remedial action if quarterly monitoring reports showed that targets had not been met.
- Quarterly monitoring was still the most favoured frequency by 80% of the respondents, but 60% felt there was too much information in the quarterly reports
- 100% felt that Strategic Directors should see all the quarterly reports but only 40% felt Operational Directors needed to see all the quarterly reports.



- 80% stated that the Executive Board, PPB Chairs and their Members should see the quarterly reports and 20% felt they were relevant to partners, such as the SSP or LSP Board.
- 80% of respondents currently have some involvement with the LSP and SSPs with 40% having had input into the new Local Area Agreement.
- 100% were aware of the Data Observatory with 60% having used it.
- 80% of respondents were able to give tangible examples of where service planning has helped to deliver progress against the corporate priorities

### 3.4. Study Visit to Kirklees Council

In their Comprehensive Performance Assessment in October 2007 the Audit Commission stated that Kirklees were “performing strongly” in relation to performance management and they received a score of 4, the highest rating possible. In addition to this, the issues they had faced in the previous 3 to 4 years were similar to those being faced by Halton. Therefore, it was deemed useful to visit the authority and discuss how the various improvements had been made and to learn from both the good and bad practice. The Chair and another Member from the Topic Group attended along with three of the Topic Group officers. During the course of the day several presentations and discussion sessions took place. The attendance from Kirklees included the Cabinet Member for Corporate Services and Governance, (who had previously had a lead scrutiny role), the Director of Corporate Services, the Assistant Head of Performance and Improvement, 2 other Performance Officers, 2 Service Managers, the Risk Management Manager and the Kirklees Partnership Manager. The key learning points from the visit were as follows:

- It had become clear to Kirklees that there was a lot of different practice across the Council. As a result the Authority created PEAK – Performance Excellence Across Kirklees - which consisted of a series of guidance documents and training and promotional material bringing together the good practice that already existed and sharing it across the authority. This made it possible to move forward without total change.
- Plans are seen as important but are flexible and the main aim is to achieve the outcomes. Keeping things simple was the key.
- Service Heads were encouraged to create objectives from the corporate priorities rather than creating objectives then making them fit the priorities. Relationships with Service Heads were important in achieving this.

- Consistency is important. Using the same words.
- Communication is also key. In particular, 'storyboards' were created encouraging staff to come forward with good practice in their areas of work. This helped provide evidence of good practice and positive outcomes
- There was also a focus on the customer.
- Team planning was given a priority because it was felt that staff who understand why they are doing what they are doing deliver better services. Therefore, training and development is driven by the skills and competencies required for the service and specific jobs within that service.
- Reporting is done by exception. That is key items that give an overview of performance. This included poor performance that needs remedying and good performance to provide a balanced picture.
- The Council has its own in house IT system called PERFORM. Performance information is provided in various formats e.g. by service, by theme, BVPIs only NIs only and so forth, which can be mixed and matched. The information is available via the Council intranet. Passwords are provided to all Councillors and relevant officers who can then access the site and create their own reports.
- The political dynamic was seen to be key. The scrutiny lead and the Cabinet Lead have good links. Scrutiny Chairs receive selected versions of what they consider to be key indicators, as does the cabinet portfolio holder.
- Lead officers share information between the Councillors and the officers.
- Meetings are held on a quarterly basis to discuss the indicators and address areas giving cause for concern. Budgetary issues are also discussed at these meetings.
- If issues are corporate they are put in the Corporate Review Programme.
- Originally there was too much information but this has been progressively reduced to reach the position of reporting by exception (with additional information still available via the intranet).
- Members are involved early on in the planning stage.

- With regard to working with the LAA they describe it as “A trick we have got to get better”. Things are progressing with more information being collected jointly with partners using the one performance management system. And there is now more involvement with the LSP, if not directly through the Board then through sub-groups.
- Reporting from the LAA involves LSP and Councillors and is based around the LAA themes/blocks

## **4. CONCLUSIONS AND RECOMMENDATIONS**

### **4.1. The Role of Members**

From the findings it can be concluded that Members appreciate the need for regular performance monitoring and their responsibility for it. During the course of the review two distinct views were expressed. Some Members wish to continue to be able to see the detailed departmental service plans, whilst others would prefer to receive less information, but of a sufficient nature to allow them to determine the level of progress being made against the priority area for which they have responsibility.

Overloading Members with information discourages some from investigating the information because it is too time consuming. Even those who do have time can miss important information because of the sheer volume of it. The potential exists, although with some implications for resources, to present the information in different formats for discrete audiences. Service plans could still be made available electronically, to all Members on a quarterly basis. For those who do not have the time to access all the information a further range of reports could be created. For example information could be reported by priority or by exception. In other words, information would be made available by adopting a “drill down”, approach creating various layers of reports from the very basic to the more detailed. Reporting information this way would allow Members of the PPBs to mix and match information and choose what depth they want to go into. As a minimum however, it is suggested that the chairs of the PPBs meet with the Operational Directors to discuss emerging issues and key targets. Ultimately this may help Members of the PPB to focus on the areas they wish to investigate and the type of report they require.

Responsibility for the frequency and level of planning, monitoring and development should be spread more widely across the Executive Board, PPBs, and the various levels of management to cater for issues such as the volume of information and strategic and operational level information, as noted above.

The introduction of the new national indicator set also has implications for Members. The NI set looks beyond the performance of Council

services, in contrast to most BVPIs. As a result it will be necessary to formulate a process for holding partners to account.

One possibility is that the Policy and Performance Boards become more involved with the Specialist Strategic Partnerships at an early stage in the planning process to allow them to agree thematic plans and targets, which could then be reported on a six monthly basis to both the PPBs and the SSPs.

Greater involvement by the Executive Board may help to spread the burden of responsibility. The Executive Board could also adopt the balanced scorecard and exception reporting approach currently adopted by the Halton Strategic Partnership Board.

#### **RECOMMENDATIONS – The Role of Members**

- PPBs should develop their role in monitoring performance against their priority (Health, Safer Halton etc), receiving six monthly reports on progress against relevant LAA and Corporate Plan Targets and developing scrutiny of SSP performance.
- Service Plan Monitoring reports will be made available to members on the intranet and exceptions (over or under performance) will be reported to the PPB. Members may also request that aspects of the reports be discussed at the PPB.
- With regard to the Executive Board, Strategic Directors should brief their portfolio holders regularly and record the outcomes.

#### **4.2. The Performance Management Framework and Service Planning**

The current corporate planning framework consists of a hierarchy of plans directly aligned to ensure the corporate priorities and strategic objectives of the Council are cascaded down the organisation. This is referred to as the 'Golden Thread'. The findings report that officers consider that this has been strengthened, especially since the recent introduction of 'Key Areas of Focus'.

In addition an examination of the suite of 2007-2008 Departmental Service Plans revealed that the link between service objectives and performance indicators and corporate priorities was very positive. However, there were a small number of exceptions where there were no links and a few examples where one objective was linked to several priorities, which has the effect of weakening or distorting the 'golden thread', but these issues are not major and are being dealt with as part of the quality assurance of the service plans.

It is important to ensure that corporate priorities are driving service activity rather than the other way around.

The Service Plans are quality assured by the corporate performance management team. Guidance has been developed against essential features of service planning and performance information based on the research of key organisations, such as the Improvement and Development Agency (IDeA) and Local Government Association (LGA). These organisations support local authority learning and it confirms that Halton has robust service planning guidance.

There is insufficient capacity to quality assure Divisional or Team Plans, but a set of Divisional Plan Guidelines have been created and recently updated. It is proposed that the plans will be made available on the intranet for peer and Member observation and at some point in the future it is hoped to develop a rolling programme of quality assurance. The potential for this capacity to be created may come about as a result of improved IT systems, making monitoring and reporting quicker and easier. This would also free up time for the performance management officers to help to manage performance rather than just monitor it.

Consultations with various individual Members and groups reveal that many Members would like to be more involved in the development of the Service Plans themselves, as much as performance monitoring. This may then allow them to more clearly identify any specific areas that they wish to receive reports about. This will involve bringing the timeframe for the Service Plan development forward.

## **RECOMMENDATIONS**

### **The Performance Management Framework and Service Planning**

- Continue to refine the process of objective setting to strengthen the golden thread, through training and improved communication
- Develop the quality assurance process for Divisional Plans
- Revise the Service Planning timetable to allow greater input by Members at the planning stage.

## **Risk Assessment**

The Council's risk management framework has become embedded through a system of departmental, directorate and corporate risk registers. However, full risk assessments are sometimes completed after the plan is written rather than as part of the process.

**RECOMMENDATION**  
**Risk Assessment**

- Develop risk assessments at an earlier stage in the preparation of service plans and build a process check into their quality assurance.

**Monitoring and Reporting Arrangements**

Managers supply performance indicator information to the corporate performance management team on a quarterly basis throughout the financial year. From this the performance management team prepares a total of 19 monitoring reports for Management Team and Policy and Performance Boards.

The amount of information contained within quarterly monitoring reports can be significant and can lead to reports from a single department for example being over 30 pages long. In addition the same reporting format is used in presenting information to each of the discrete audiences receiving it i.e. management team, PPB's, and potentially the general public. At present each of these discrete audiences receive information that is presented in a service based as opposed to a themed format. This may result in some difficulty when trying to establish organisational as opposed to departmental performance.

The findings of the various consultations acknowledge that collection methods, reporting and quality assurance have improved since the CPA inspection in 2005, however, there is also recognition that opportunities for further improvement may exist as follows:

One of the key issues concerns the volume of information being disseminated. There is a consensus from those engaged in the review to date that the quarterly monitoring reports currently contain too much information. As an example of the volume of this information at half-year and year-end monitoring reports collectively contain information concerning over 430 service objectives and performance targets.

Additionally, this 'one size fits all' approach may suggest that all users and recipients of performance data have the same information needs. However it is clearly recognised that the information needs of different audiences, will be governed by their primary roles and responsibilities and will require different forms of reporting.

It may be necessary to purchase an IT system to assist in the gathering and manipulation of performance information. This may help to overcome some capacity issue in relation to creating different forms of reports for different audiences.

## **RECOMMENDATIONS**

### **Monitoring and reporting arrangements/Use of information**

- Tailor the volume of information reported to different audiences by (1). Re-assessing content of service plan (2). Separating out some areas of the plan to be reported on at different times/frequencies.
- Investigate IT options that will enable different types of reports to be created to cater for the varying audiences that access performance information.
- Management Team will continue to see all 19 quarterly monitoring reports for the Service Plans. These will also continue to be made available to all the PPB's electronically.

#### **4.3. The Impact of the New, Statutory, National Indicator Set (NIS)**

Central government has recently proposed to reduce the burden of reporting by reducing the number of PIs collected to around 198. There will no longer be a requirement to report against the current BVPIs but the Council should not just discard these without consideration.

The Council will be required to take overall responsibility for the reporting on the 198 new indicators. The Operational Directors have been provided with information about these and advised which indicators the Corporate Performance Management Team feel would be most appropriate for them to use in their service plans. However, it is ultimately the responsibility of the Operational Directors to determine this for themselves.

In addition, Strategic Directors will need to ensure that whoever is responsible for collecting data relating to an indicator takes into account the fact that the LSP will be required to use up to 51 of these indicators in the Local Area Agreement and this information needs to be drawn together.

Halton has invested in a Data Observatory to provide a central repository for statistical and performance information. It is important that this is seen to be a joined up approach between all partners. The Research and Intelligence Unit of the Council act as the gatekeeper for information, but there are still issues that need to be addressed.

As the sum of nationally prescribed indicators reduces it is likely that there will be a need for more support with local indicators. The existing indicators have generated a considerable amount of information, which may still be of use locally, therefore may need to be retained.

Some of the existing information will still be required by some of the inspection regimes, for example, OFSTED and DCSF who have previously carried out annual performance assessments, using a large basket of existing indicators. They have stated that although they will no longer be carrying out these annual assessments they will still require the information for what they call 'activity data'.

This type of 'data harvesting' is also likely to take place in other areas and in many respects may be more onerous to collect in that it will be called for on an uncoordinated basis, rather than as part of a planned programme. Information of this nature will also still be required for the 'Use of Resources', 'Value for Money' and 'Direction of Travel' sections of the Comprehensive Performance Assessment and its replacement the Comprehensive Area Assessment

The range of different data sources and reporting requirements means that we will need assurance as to the reliability of performance information. Executive Board has approved a corporate data quality strategy and its recommendations need to be implemented.

#### **RECOMMENDATION**

##### **New NI set**

- Use the Observatory as a repository for information relating to the set of National Indicators for use by partners to ensure consistency of information amongst the partners.
- Involve the corporate performance management team work with the LSP performance groups/officers so that a single reporting framework is developed.
- Implement the new Data Quality Strategy.

#### **4.4. The Emergence of Local Area Agreements.**

There is a clearly defined link between the targets and outcomes of the LSP and the Council and a sharing of responsibility with regard to the management of performance information, with the Council needing to take a lead on all the 198 new indicators, including those in the LAA. This will require collators and responsible officers to be appointed for each of the indicators from within the Council. Ideally the IT systems for the Council and partners need to be matched up in some way.

It will also be important for Members to become more involved with the planning and development of the LAA targets and indicators.



**RECOMMENDATION**  
**Local Area Agreements**

- The performance reports from the SSPs/LSP/LAA should be shared with the PPBs.
- The Executive Board should receive the same reports that go to the LSP, a quarterly balanced score and six monthly performance summary.