

Peterborough City Council

Performance Management Framework

2009/10

CONTENTS

1.0 Introduction

- 1.1 Purpose of the Framework
- 1.2 Principles of Performance Management
- 1.3 The Key Components of the Framework
- 1.4 The Underlying Philosophy

2.0 Planning of Performance

- 2.1 Alignment of the Council's Plans and Strategies
- 2.2 Integrated Business and Financial Planning
- 2.3 The New National Performance Framework
- 2.4 Comprehensive Area Assessment
- 2.5 Performance Management in the Greater Peterborough Partnership

3.0 Managing Performance

- 3.1 Creating a Performance Improvement Culture
- 3.2 Leadership
- 3.3 Roles and Responsibilities
- 3.4 Measuring Performance
- 3.5 Reporting Performance
- 3.6 Performance Management Supporting Tools
- 3.7 Challenging Performance
- 3.8 Public Involvement
- 3.9 Scrutiny
- 3.10 Audit Committee
- 3.11 Benchmarking

4.0 The Strategic Improvement Framework

- 4.1 What is Strategic Improvement?

5.0 Useful Contacts

1.0 INTRODUCTION

1.1 Purpose of the Framework

This Performance Management Framework (PMF) aims to assist councillors, senior managers and staff in understanding what is expected of them in relation to performance management. Performance management is a key element in demonstrating that we provide high quality services whilst securing value for money (VfM) and the achievement of local and national objectives.

1.2 Principles of Performance Management

The principles of performance management in the council are:

- embedding a performance management culture across the organisation
- transparent, timely and accurate reporting
- managing risk and enabling early intervention to address poor performance
- being accountable for performance
- using performance improvement constructively
- recognising and building on successes
- working with partners and local communities to understand their needs

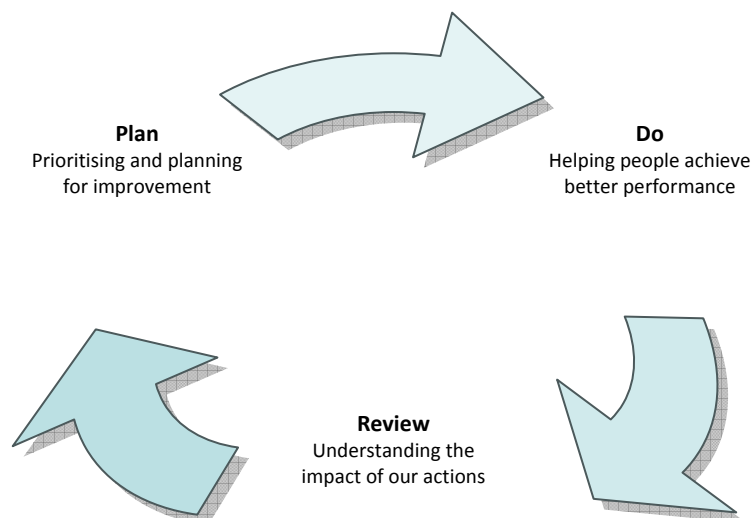
1.3 The Key Components of the Framework

Our management arrangements focus on ensuring that we achieve our priorities and objectives and to achieve this we need to have in place a PMF which is:

- based on our key priorities and objectives that met the needs of our communities
- used to improve the services we deliver and the way we deliver them
- based on accurate information which produces useful measures on how we are performing

1.4 The Underlying Philosophy

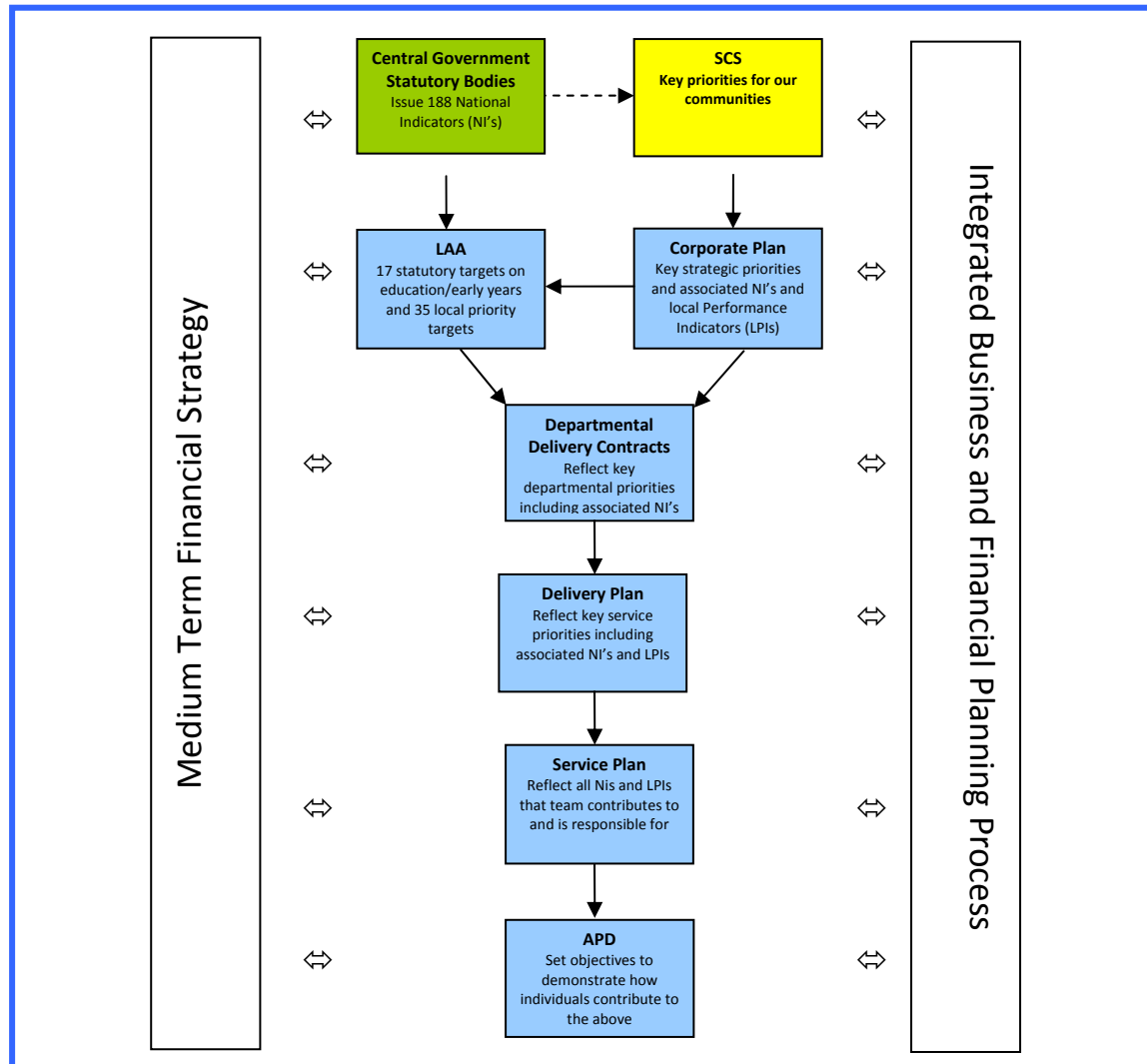
The plan, review, do cycle is a well proven cycle which underpins our cycle of performance management.



2.0 PLANNING OF PERFORMANCE

2.1 Alignment of the Council's Plans and Strategies

Having a clear framework in place enables all staff to identify how their actions contribute to service improvement and to the delivery of the priorities identified in the Sustainable Community Strategy (SCS), Local Area Agreement (LAA) and Corporate Plan. The diagram below shows our framework:



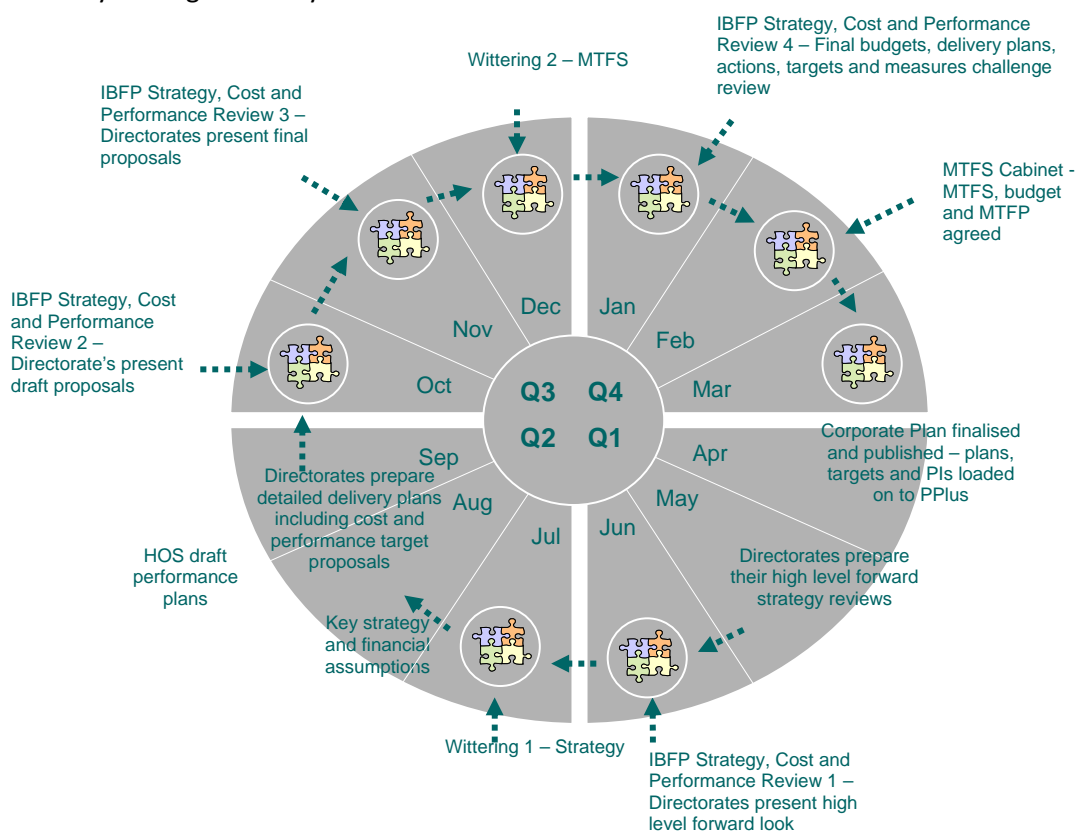
2.2 Integrated Business and Financial Planning Process (IBFP)

The IBFP process ensures the council is focussed on delivering the right outcomes, as agreed in the SCS and the LAA, and within the resources available. By being focussed on outcomes our business planning crosses boundaries both within the council and externally with key partners, recognising that the council whilst having the key role cannot deliver these in isolation.

IBFP begins in quarter 1 with a scene setting exercise where members, directors and heads of service outline the process and timescales with clear communication of the Chief Executive and the Leaders aspirations. The directors produce their Departmental Delivery Contracts (DDC) which represent 'conceptually' a directors' contract for delivery with the Chief Executive. The DDC's show a clear view of what are the drivers for their business, the outcomes put in place to address these and how they will deliver these outcomes within the existing budget profile whilst demonstrating VFM.

Challenge sessions, chaired by the Chief Executive, follow the production of the DDC's and are intended to provide assurance, clarity and improved definition around the content of the DDC's. A second round of challenge sessions take place in September and centre on 3 key documents; the contract summary, the department's financial profile and the delivery plan. The contract summary sets out the performance, efficiency, and income and change activity. The financial profile picks up the budget, as set out in the Medium Term Financial Strategy (MTFS), and compares that with the projections in the budget build process over the next 3 years. The delivery plan provides assurance that delivery of the DDC is realistic and achievable.

Once challenged and finalised the DDC's are discussed at a special CMT to ensure cross cutting themes are identified and there is clear alignment across departments. Following final amendments a Cabinet Policy Forum takes place to confirm the direction, delivery and budget of the council for the coming year. The outputs from this are then fed into the draft Medium Term Financial Plan (MTFP) that is presented to Cabinet in December. The Cabinet consult on the MTFP before the proposed document is re-submitted in February and signed off by Full Council.



2.3 The New National Performance Framework

Under the new National Performance Framework top-performing councils must:

- clearly understand the needs of its communities and use this understanding to inform local priorities by encouraging choice, influence and user involvement in the design and delivery of services
- organise itself and its partners to ensure it has the capacity to deliver these priorities
- have effective arrangements to identify and manage the risks to achieving successful outcomes
- draw links between resources and outcomes; use information to make efficiencies / improve services in the right areas

The new National Performance Framework is underpinned by 188 national indicators and represents the Government's national priorities.

2.4 Comprehensive Area Assessment (CAA)

The new CAA framework focuses on Peterborough as a place rather than as an individual body responsible for local services. The CAA looks across local government, housing, health, education and community safety. It is forward looking and focuses greater attention on local priorities, for example by strengthening the focus on citizens and service users and VfM.

The CAA Inspection looks at a number of key areas, including:

- the quality of life of local people - what matters in Peterborough, genuine understanding of diverse local needs and greater accountability to customers for the use of public resources
- area and outcome focused – putting effort into the things that will improve the quality of life
- constructive and forward-looking – focussing on risks to future delivery
- joint and participative – drawing upon the views of local people and partners and a common ownership of outcomes between local and central government

At the heart of the framework is a joint-inspectorate assessment of the prospects for the local area and the quality of life for local people. The improvement priorities in the LAA will be key to delivery.

The Strategic Improvement division will coordinate CAA activities in terms of reporting, monitoring, conducting self-assessments, providing updates and working with partners. However, it is important managers and individuals take responsibility for their performance and are able to provide the evidence that is required for CAA. Managers should be looking to ensure that service improvement plans are in place; that there is clear rationale to explain performance targets; that targets stretch the performance of the service sufficiently; and that customers remain the focus of all we do.

2.5 Performance Management in the Greater Peterborough Partnership (GPP)

The GPP comprises of representatives from key public and private partners and is responsible for overseeing and driving Peterborough's delivery of a wide range of local public services. The Partnership has made good progress in establishing itself and:

- has established a clear picture of strengths and key areas for improvement (diagnostic)
- is on a clear path for improved governance and LSP working (development)
- is now seeking ways of working outside silos to deliver transformed outcomes (delivery)

The Partnership structure and governance has agreed the LAA for the city for the next three years, and has undergone changes to its governance and structure in order to ensure that it is fit to address the challenges of delivering the LAA.

An enhanced PMF will ensure that the GPP, it's Executive and all partners are able to direct, monitor and manage performance to ensure that it can meet the targets agreed in the LAA. The key objectives of the programme are to:

- provide clarity of roles for GPP Boards
- provide clear accountability for outcome priorities and targets
- develop integrated performance management through a co-located GPP performance hub
- implement CAA focused risk analysis and challenge
- deliver applied business intelligence to drive decision making inc customer segmentation and demand management
- develop a new solution centre for partnership delivery and cross cutting outcomes

3.0 MANAGING PERFORMANCE

3.1 Creating a Performance Improvement Culture

To create a culture of continuous performance improvement, all individuals need:

- to feel empowered to take ownership for their performance and that of their team, including being a part of the decision making process,
- to be engaged in what their team and the council is trying to achieve
- to have an understanding of the impact of their role on their immediate team and the work of the wider council

All staff need to utilise the performance information and tools available in order to effectively identify what is being achieved well and what could be improved upon, ensuring that the customer is the ultimate focus of all activities. The outcome of this is that individuals feel valued and recognised; can see how they contribute to the work of the organisation and therefore gain greater job satisfaction.

3.2 Leadership

Good leadership is essential to delivering performance management and the council leaders need to drive the agenda to embed a culture of performance management by:

- using performance information to inform key decision making
- being clear about what kind of performance they expect and communicate this
- understanding the barriers to improvement and provide the necessary support to solve problems

The link between leadership and performance management is embedded in the Councils Management Competency Framework. The key result area of 'Leadership' includes the competency 'Managing for Results', demonstrating that setting targets and managing outcomes is a key facet of providing Leadership. The key result area of 'Performance Management' includes the competency, 'Managing People Performance' – demonstrating the inextricable link between managing and leading people and managing individual performance through target setting.

The role of councillors in performance management is critical in ensuring that the council's objectives are met. All councillors need to have a good understanding of the council's performance and how it is managed and this information should be used to inform priorities and service improvements. Councillors should be involved in:

- setting or scrutinising the strategic direction, priorities and budget options
- considering performance reports that paint a clear picture of performance trends
- asking questions about current performance and improvement plans
- using their local knowledge to draw out issues from complaints and ward surgeries
- seeking assurance that appropriate systems are in place to manage performance, risk and resources

3.3 Roles and Responsibilities

Effective performance management requires clearly defined and structured accountability. The diagram below highlights the roles and responsibilities of members, staff and partners within the council's PMF.

STAFF AND GROUPS	<u>Strategic Improvement Team</u> Provide guidance, support and challenge to members and officers on business planning, the CAA, performance monitoring and reporting	<u>Key Departmental Contacts</u> Provide a co-ordinate approach to performance management through the embedding of the PMF across the Council	<u>All Staff</u> Have an understanding of how they contribute to the overall priorities of the council and take ownership of personal targets
SENIOR MANAGEMENT	<u>CMT</u> Strategic responsibility for delivering the corporate objectives Through prioritisation of resources in response to issues raised from performance management information	<u>Directors</u> Overall responsibility for their strategic priority <u>Heads of Service</u> Responsibility for delivery of their delivery plans	<u>Service Managers</u> Responsible for agreeing individual performance targets within APD's and to recognise and respond to poor performance
MEMBERS	<u>All Members</u> Provide a clear vision and set priorities. Challenge services to ensure that they are providing VfM and approval of budget to align resources to priorities	<u>Cabinet</u> Delivers the council's priorities	<u>Scrutiny</u> Scrutinises performance through committees challenging the Cabinet and officers to ensure targets are met and that services are providing VfM

3.4 Measuring Performance

Performance indicators are used by the council to measure and report its performance against both national and local priorities.

Data Quality

The council is accountable for its activities, internally and externally, to its members, officers, service users, partners and stakeholders, as well as to central government and its inspectorates. The council recognises the importance of using reliable and timely data for decision making purposes and can rely on the quality of the information produced.

The CAA framework makes reliable performance information more important and places greater emphasis on assessments rather than a one off event of inspections that are proportional to risk. The council will also be required to use information to reshape its services and be accountable to the public on its performance. This process highlights the huge reliance on quality of data and robust evidence for decision making purposes. Data quality within the council is crucial and the availability of complete, accurate and timely data is important in supporting performance improvement.

The Data Quality Strategy and Policy provides overall guidance in relation to data quality and officers should make themselves aware of this document.

3.5 Capturing and Reporting Performance Information

We have adopted a process to monitor performance regularly, learn from the results and engage in dialogue with the local community and service providers. We have in place a reporting framework to provide up to date, reliable and valid information to inform the decision making process. The framework identifies and presents performance management issues to enable members and officers to challenge performance and make informed evidence based decisions. We have adopted and adapted the key principles within the Balanced Scorecard of Customer; Process; Finance; and Organisation.

All parts of the council play an important role in reviewing objectives and monitoring performance.

	What performance is reported?	How often?
Cabinet	Progress on the corporate priorities and LAA	Quarterly
Scrutiny	Progress on the corporate priorities and LAA	Quarterly
CMT	Progress on the LAA, CAA, Corporate Plan	Monthly
Departmental	Progress on the DDC's	Monthly
Business Units	Progress on the delivery plan	Monthly
Service Teams	Progress on the delivery plan	Monthly
Appraisal for Performance and Development (APD's)	Individuals performance	Annually with a 6 monthly interim review

We use a number of systems to capture data:

Performance Plus

The council has implemented Performance Plus as our performance management information system which records and shares information. The data entry staff are responsible for ensuring their data is inputted on to Performance Plus by the 10th day of the month.

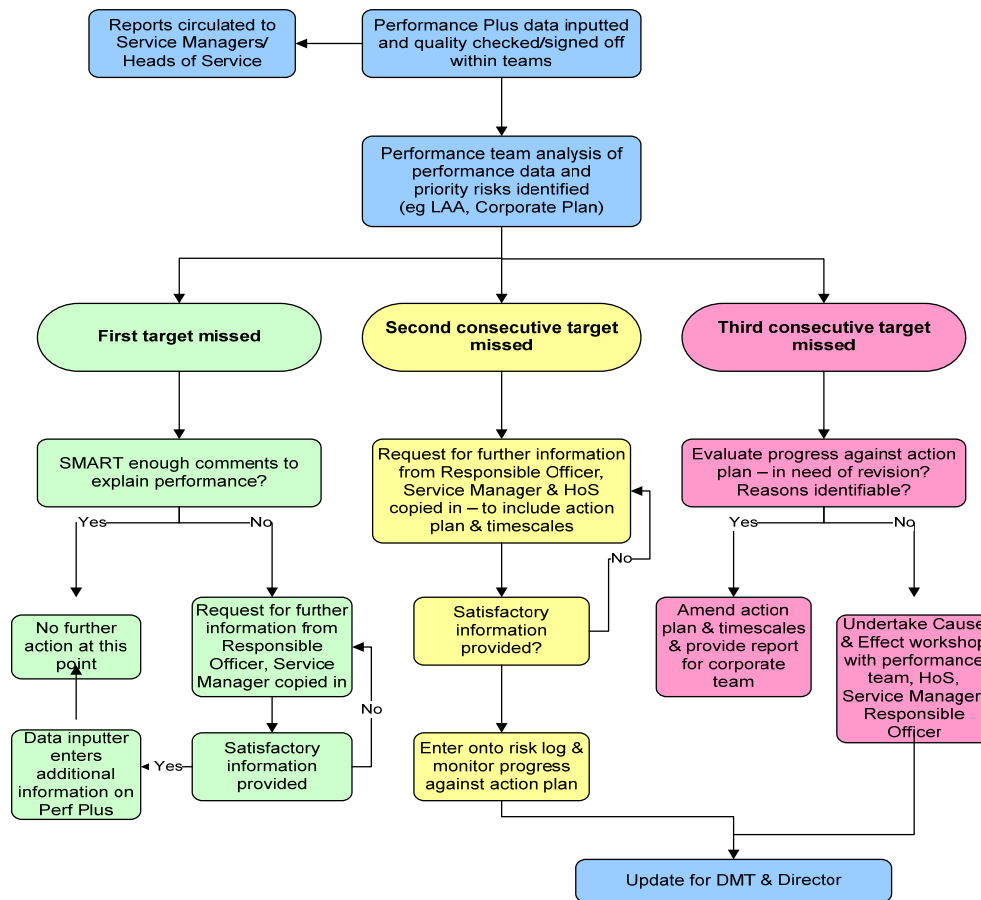
Financial Systems

The "Oracle Financials" management system is the council's prime accounting record. Financial information is reported from Oracle following each month end, to enable accurate and timely monitoring of income and expenditure.

Human Resources

APD's are the method used by the council for reviewing every employee's performance on an annual basis. The APD forms a link from the Corporate Plan down to each individual's personal objectives. It is a mechanism to ensure that we have a shared vision of the purpose and aims of the organisation. APD's are held during March/April following the approval of the DDC's and delivery plans and an interim review is held in October.

3.7 Challenging Performance



Managers need to identify both good and poor performance and ensure that action is taken when a risk is identified. Once identified managers need identify the cause of the issue, challenge existing practices and support those accountable for performance improvement. There are three stages to this challenge:

Initial Diagnostic

Managers need to monitor their team’s performance on a regular basis. Early identification of any problems will ensure that effective actions can be introduced to try and turn the performance around.

Cause and Effect

If performance does not improve cause and effect analysis can be undertaken with the service. The Performance Risk Manager will work with managers in holding an open discussion with staff to identify the issues around the performance and the effect they have on the delivery of services.

Performance Clinics

The clinics are a two way communication process which enables the ‘service delivery team’ to present the actions they are taking or propose to take to address the risks whilst giving the ‘challenge team’ the opportunity to assert its own expectations and requirements. The aims of the clinics are:

- to reinforce with managers their role in driving improvement and actively managing performance
- to assess and remedy risks to performance, resulting in action plan revisions, requests for more frequent updates, shifts in resources and additional support installed
- to provide a vehicle for driving improvement to meet our strategic priorities
- to provide an opportunity to formally recognise good performance

3.8 Public Involvement

There are many ways to integrate public involvement and performance management, such as ensuring the latest survey results are taken into account in performance planning and decision making. The benefits of a public focussed performance management are clear as an understanding of how people feel, think and behave will inform and improve decision making leading to improved performance which will better meet the needs and wants of local people.

By listening and staying in touch with our residents, service users, partners and the council can shape and deliver services through the LAA. Effective consultation will enable the council to:

- compare and challenge existing services
- indentify unmet needs
- shape the way services are delivered
- measure satisfaction of services
- prioritise future spending
- set service targets and service level agreements
- identify quality improvements

3.9 Scrutiny

Scrutiny is an important part of the council's democratic process. The scrutiny committees' role is to act as a critical friend to the Executive by holding them to account:

- for the performance of the council against local and national indicators
- for the quality and appropriateness of its decisions
- for the improvement of the council's services

The committees' role is to challenge the Executive to ensure that services are performing against key targets or indicators and to make recommendations for improvement as necessary. The committees can investigate areas of concern; examine whether the expected outcomes of policy and services are being achieved and performance targets met.

In addition, the committees can carry out in-depth reviews to examine what the real issues are for service users and make recommendations for change or improvement. By doing undertaking this role scrutiny can add value to the way that the council examines its performance.

3.10 Audit Committee

The Audit Committee has been set up to review and challenge the council on the adequacy of its financial management and audit arrangements; and also to consider the implications of risk and control.

The Committee routinely focuses on performance and improvement by considering:

- service performance and budgetary data
- project monitoring
- risk management updates
- internal control updates
- governance updates
- fraud updates
- recommendations from external agencies including Inspection and External Audit
- internal audit reports

3.11 Benchmarking

The council uses benchmarking to compare their existing performance and approach to others, and identify elements that can be adopted and adapted in their business context to improve and prompt innovation. The council is a member of a family benchmarking group based on our nearest statistical neighbours, which meet 3 times a year and undertake daily requests for information and/or to compare information.

4.0 The Strategic Improvement Framework

4.1 What is Strategic Improvement?

Strategic Improvement is a new business management model for the council, focused on assuring delivery of the right outcomes by undertaking the right activities to support these. In the increasingly complex environment with rising pressures on outcome delivery, customer satisfaction and VFM, an improved approach to designing and delivering services is needed. The development of the Strategic Improvement Framework is intended to provide these. The frameworks core principles are:

- streamlined accountability and decision making across the council
- understanding customer segmentation and demand management
- improved business intelligence to drive planning / outcome shaping / delivery
- proactive challenge to VfM and performance management
- embedding key skills of continuous improvement and benefits realisation

A fundamental change that the new framework brings is an explicit split between operational service delivery and strategic challenge and assurance, with the latter being the responsibility of the new Strategic Improvement Boards. These Boards will replace the existing Programme Boards, extending their remit to include business as usual performance management as well as projects.

As the Strategic Improvement framework is developed, this document will be reviewed and refined to reflect changes as they roll out into the business.

5.0 USEFUL CONTACTS

For further information on this framework please contact the Strategic Improvement Division or relevant departmental contact:

Strategic Improvement Division

Helen Todd – Performance Manager	452451
Sheila Nithiyalingam – Performance Risk Manager	452636
Bob Barker – Performance Information Manager	452286
Louise Tyers – Performance Scrutiny Manager	452284
Paulina Ford - Performance Scrutiny and Research Officer (benchmarking)	452508