



## Performance Management Arrangements

Plymouth City Council

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# 1 Introduction and background

- 1.1 Sound performance management and reporting arrangements are integral to the proper management of a business and are an essential contribution to ensuring proper use of resources and the achievement of objectives. Performance management information is fundamental to ensure that this informs decision making, business planning, budget setting, and strategic development within an organisation.
- 1.2 Performance management may have a number of components, including monitoring progress against corporate objectives, budgetary control and the arrangements in place for managing the workforce. While the Council recognises that it is everyone's job to engage in performance management, it is for the Council's leadership to lead the way in driving improvements in the performance culture, and to ensure that the performance framework is applied at all levels.
- 1.3 The Council has been engaged in a continuous development of its performance management arrangements over the last three to four years and previous reviews of local arrangements, including work undertaken by the Audit Commission, have identified that corporate arrangements for managing and reporting on key targets and priorities have been developing well and that performance management has now become much more a part of the corporate culture.
- 1.4 We recognise the significant input made across the Council into developing its performance management arrangements. Our review has focused on the development of the corporate performance and finance reporting arrangements and some of the processes that support that. In completing our review, we have undertaken interviews with key senior staff, reviewed background documentation provided to us and also reviewed some of the data on the corporate management information system, ePerform.

## 2 Key findings

### *Introduction*

- 2.1 The Council's Corporate Plan 2009-12 is the focal point for its strategic direction and focuses on, amongst other issues, an assessment of its current performance and its three-year corporate priorities. The Plan also highlights the processes by which the Council will monitor its progress, including project and programme management.
- 2.2 The Council continues to develop its performance management arrangements, with a particular focus on the 14 corporate improvement priorities (CIPs) and the detailed indicators that underpin them, whilst recognising other key influences on performance, for example, the effect of the economic situation and the demands of the local health inequalities agenda.
- 2.3 The CIPs are broad statements of intention (for example, CIP 4 is entitled "reducing inequalities between communities") and underpinning each CIP is one or more key improvement areas and, for each improvement area, one or more key performance measures (which may be either national or local indicators) as well as key actions and "milestones" (key delivery points within each project, and on which the success of each project is dependent) . The Plan also includes the Local Area Agreement (LAA) indicators.
- 2.4 The CIPs are allocated across the service departments and each CIP is led by a head of service who has principal responsibility for its delivery. Currently, Children and Young People's Services has responsibility for three CIPs, Community Services has four, Development and Regeneration has three, Corporate Support has three and the Chief Executive's office has one.

### *Corporate performance management arrangements*

- 2.5 The Council's performance management framework defines the principle elements of local performance management, set against a number of key requirements including the need for clear accountabilities, regular and robust performance information, regular performance monitoring and active management of performance.
- 2.6 The framework sets out the leadership role that falls to the Assistant Chief Executive and Portfolio Holder, and supported by the Corporate Management Team (CMT), Cabinet and the Scrutiny arrangements. It also recognises the important role played by departmental directors and assistant directors and sets out the accountability framework in which assistant directors manage performance at directorate level (including developing and delivering business plans, approving targets and outturn data and leading the accountability process). Ensuring that there is good data quality is also identified as a key component.

- 2.7 The Council's Policy and Performance Department (PPD) is part of the Chief Executive's office and is a key driver in ensuring that the corporate reporting timetable is adhered to, particularly the bi-monthly joint performance and finance report. Our interviews suggest that relationships between key senior departmental staff and the PPD are strong, despite a demanding data collection and reporting schedule which is in place for the bi-monthly reporting process.
- 2.8 The PPD has a key role in ensuring that standards and requirements are clearly understood and acted upon by the departments so that local achievement of data quality becomes the norm. Our review has found that, while there is a constructive approach which recognises the important contribution of departments in gathering data and acting on findings, there is also some tension between departments and the PPD because of a perceived lack of clarity about where responsibility for data quality lies, leading to potential duplication of roles..
- 2.9 Locally, departments also have their own performance management arrangements, and performance management data is systematically fed into the corporate arrangements, with monthly data for the CMT, bi-monthly data to the corporate performance management team and quarterly updates for the LSP. However, our interviews indicate that officers are still debating the issue of roles and responsibilities for performance management and there is recognition of the need to have a balance of expertise, whilst avoiding duplication, between service departments and the PPD.
- 2.10 We recognise the significant effort that has been expended on developing arrangements to date. In order to develop these further, we **recommend** that it is now time for the Council to undertake a review of the complementary, but different, roles, relationships and processes between the Policy and Performance Department and service departments to ensure they remain focused and effective in reporting and managing performance information and that any duplication is avoided.

#### *Corporate performance reporting*

- 2.11 Corporate financial and activity performance is reported within the bi-monthly Joint Performance and Finance Report, which is considered by the Overview and Scrutiny Management Board, who provide management of strategic scrutiny of all the CIPs and which is the lead scrutiny body for the Corporate Plan.
- 2.12 The bi-monthly report outlines the performance monitoring and financial position of the Council, and seeks to report on how the Council is delivering against its CIPs and key performance measures, using a "traffic light" scoring approach which is supplemented with narrative. As we highlighted earlier, each CIP is assigned to a specific service department. The report has a strategic focus, and includes a one-page scorecard, including a summary of progress for each department against the relevant CIPs. There is also an update of progress against the LAA stretch targets as well as a separate section for each department's finance issues.
- 2.13 We note that performance targets/indicators and finance (revenue and capital) are reported separately within the bi-monthly performance monitoring reports, because the local approach to generating performance management reports appears to deal with them as separate issues.

- 2.14 In our view, this arrangement should be reviewed, as there should be a much closer association between the two elements. Any changes to the financial investment may well have an effect on indicators (and vice versa) and the Council should, for example, be able to assess what effect an investment, or disinvestment, of money is having on local performance, as a basis for future monitoring. We note, for example, that in the January 2010 report, the section on performance indicates that Adult Social Services has performed well, though the finance section identifies a £2m overspend.
- 2.15 Our review identified that the Council seeks to put additional funding where performance is demonstrated to be weaker. However, since currently there is no clear link in the report between funding and performance, it is not clear how, at a corporate level, the value for money of any additional investment can be assessed and monitored. There is also an issue about rewarding better performers with a financial incentive which might also be more easily demonstrated through closer links between finance and performance.
- 2.16 Our review has highlighted that the bi-monthly reporting process is proving very demanding on staff and, while we understand that the bi-monthly report is to be more strategic in its view, the question has been raised as to whether the bi-monthly timetable is now becoming too process-driven. In particular, that producing the bi-monthly reports is the main driver rather than a thorough evaluation of what the performance data is saying. This raises the issue of whether the Council has sufficient time, or the key performance/financial data, that it really needs to drive the business. We note that this issue has previously been raised in a CMT meeting (September 2009), where there was a recognition that performance management appeared to be driven by the system.
- 2.17 We consider that it is fundamental that, once there is sufficient confidence in the quality and the timeliness of the performance information, the Council should be able to spend more time on managing and addressing the issues indicated from the various sources of information, rather than the process of reporting.
- 2.18 Consequently, we recommend that the Council now reviews, and reaffirms or otherwise, the appropriateness of its bi-monthly reports, and the processes that underpin it, to ensure that there is sufficient time and relevant information in order to run the business.
- 2.19 We also recommend that the Council reviews the relationship between performance and finance information to ensure that there is a clearer understanding of the costs incurred for the performance achieved and whether investment decisions are having the desired effect on performance.
- 2.20 In reviewing the corporate joint finance and performance reports we note that, while the same general structure is maintained in 2008-09 and in 2009-10, (that is, executive summary, departmental business reports, revenue and capital spend details), the content of the section on departmental business reports has changed.
- 2.21 In 2008-09, these departmental sections were quite informative in identifying, for each CIP, the individual indicators (national and local, and including those applicable to the LAA), and, for each indicator, current year performance data (with a traffic light assessment), comparative data for the two previous years and some supporting narrative. This was underpinned by departmental revenue and capital

spending information. Overall, we consider that this approach enabled members and officers to get a balanced and informative view of departmental performance.

- 2.22 However, in 2009-10, we note that, while the joint finance and performance reports have maintained broadly the same structure, there are now some important differences in the way that performance information is laid out. In particular, rather than displaying individual indicators, departmental business reports now summarise performance under the relevant CIPs for that department, with a traffic light assessment for "measures" and "milestones". A red traffic light occurs if the average of all the measures, or all the milestones, is more than 15% off target.
- 2.23 In this context, measures are being used in the report to describe indicators, and this is made clear in the opening section of the Executive Summary. However, we are unclear as to why the term "indicators" is not used consistently within the report, given that the term is referred to at the outset.
- 2.24 With regard to the term "milestones", this term is used amongst project management specialists to describe points at which large scheduled events or series of events have been completed, and a new phase, or phases, are set to begin.
- 2.25 In addition, we note that the LAA targets are now contained within a separate section of the report rather than contained within the departmental sections.
- 2.26 We have reviewed, in more detail, the content of the Joint Finance and Performance Report for January 2010 in which, in Corporate Support, for example, there are three specific CIPs, covering a number of indicators, including CIP 1 (Improving Customer Service) and CIP 14 (Improving Value for Money). The narrative for both CIPs appears quite positive, apart from a delay in replacing the complaints system (CIP 1) and progress against NI 179 (CIP 14). However, the overall assessment for both CIPs is a red "traffic light" for both "measures" and "milestones".
- 2.27 The question arises as to whether the present "traffic light" assessment represents a balanced and informative reflection of progress, taking account of what is critical to running the business. We consider that the Council needs to ensure that this approach to performance reporting remains the most appropriate way of reflecting performance (particularly given that the report is available to the public), and that merging performance into an overall indicator doesn't mask key messages (positive and negative) or risks, or overall trends.
- 2.28 We therefore **recommend** that the Council ensures that, within the joint performance and finance reports, the "traffic light" assessment associated with each CIP properly reflects the supporting text.
- 2.29 In addition, we **recommend** that the Council reassesses what information is critical to managing the business and ensures that this is available as part of its reporting on performance and finance.

#### **Performance management system**

- 2.30 Access to the detailed underlying performance information is through the Council's performance management system, ePerform, which is the central repository for recording and monitoring performance data.

2.31 The Council uses ePerform to hold all its performance indicators and data is widely accessible across the organisation and with an audit trail from the corporate report back to any indicator.

2.32 We have reviewed ePerform and identified that there are separate sections for:

- the CIPs;
- the Corporate Plan 2009-12;
- the LAA;
- the Corporate Performance Plan (though not a current version);
- the Children's Trust Plan (though at the time of our review there didn't appear to be anything on the system);
- individual service business plans (though some elements appear to be incomplete); and
- the corporate Data Quality Policy (which is dated 2007).

2.33 We noted that the 2008-09 bi-monthly performance reports are also included, though we couldn't readily find 2009-10 performance reports.

2.34 For the purposes of the CIPs: CIP 1 (Improving Customer Service) and CIP 7 (Keeping Children Safe). Our objective was to assess the completeness and relevance of the supporting data, in the context that ePerform is a central repository with widespread access arrangements and therefore should be as up-to-date and complete as possible, if it is to be used effectively as a management tool.

2.35 The key issues arising from our review are that:

- for each CIP there is a section that identifies any sub-elements of that CIP: for example, for CIP 1 (Improving Customer Service) there are six sub-elements, each underpinned by a performance "speedometer" (to indicate current performance) and a comment on the status of the CIP;
- there is also a comment on whether performance is improving or otherwise;
- although there appear to be a range of actions which underpin the targets and milestones, not all data is complete within ePerform - some of the progress "traffic light/speedometer" indicators remain empty;
- for CIP 1, though the supporting comments indicate that action plans are rolling out effectively, it is not clear how this is demonstrated by the supporting graphs;
- For CIP 7, the direct relationship between the indicator ("strengthening preventative services to reduce the number of children looked after") and the action ("increasing gross expenditure on children in need but not looked after") is not obvious - whilst recognising that additional spend may have a benefit, we would have expected more detail on exactly how preventative services might be strengthened by increasing expenditure.



- 2.36 It is not clear to us whether the absence of any key data is because of a compliance issue or some other reason. However, we **recommend** that the Council ensures that its performance management system (ePerform) is fully populated so as to maximise the benefit of the system.
- 2.37 A further issue that has arisen from our interviews is that, since ePerform is the adopted software product used across the organisation for performance data collection and reporting, there may be some benefit in upgrading it to a later version, which, we understand, would make it easier for users to share, and also to print, information.
- 2.38 Whilst not having reviewed the detailed merits or otherwise of this argument, it seems to us that such enhancements, if they exist, would benefit users and the overall performance management process.
- 2.39 We therefore **recommend** that the Council considers the benefits and challenges of upgrading ePerform to a more current version to ensure that the functionality available to users is the most appropriate to their needs.

#### **Overall conclusion**

- 2.40 We recognise that the Council has invested significant effort in implementing its performance management arrangements and that these continue to develop. We have identified a number of positive aspects to local arrangements for monitoring and reporting against corporate priorities, but also some areas where improvements will add further value to the corporate arrangements.

## A Action Plan

| Recommendation  | Priority | Management comment  | Officer responsible              | Implemented by:                     |
|---|----------|---|----------------------------------|-------------------------------------|
| The Council reviews the roles, relationships and processes between the Policy and Performance Department and service departments to ensure they remain focused and effective in reporting and managing performance information and that any duplication is avoided. | High     | Agree<br>Review of Policy, Performance and Partnerships support across the Council will deliver improved co-ordination. Arrangements within Community Services already in place   | Giles Perritt                    | March 2011                          |
| The Council now reviews, and reaffirms or otherwise, the appropriateness of its bi-monthly reports, and the processes that underpin it, to ensure that there is sufficient time and relevant information in order to run the business.                              | High     | Agree<br>The decision has now been taken, following a review that bi-monthly reporting will be replaced by Quarterly formal reporting with an increased focus on key performance and budgetary areas through monitoring of monthly scorecards | Giles Perritt                    | In place                            |
| The Council reviews the relationship between performance and finance information to ensure that there is a clearer understanding of the costs incurred for the performance achieved and whether investment decisions are having the desired effect on performance.  | High     | Agreed<br>See above comment<br>In addition the introduction of  | Malcolm Coe and<br>Giles Perritt | As budget and performance timetable |

|  |        |  |                               |                 |
|--|--------|--|-------------------------------|-----------------|
|  |        | service and resource planning as part of the production for 11/12 budget will ensure a clearer relationship between performance and resources. |                               |                 |
| The Council ensures that, within the joint performance and finance report, the "traffic light" assessment associated with each CIP properly reflects the supporting text.  | Medium | Agree – review of priorities under way.  | Malcolm Coe and Giles Perritt | 11 October 2010 |
| The Council reassesses what information is truly critical to managing the business and ensures that this is available as part of its reporting on performance and finance. | Medium | Agree<br>See comment re: replacement of bi-monthly reporting with a move to quarterly reporting and monthly monitoring through scorecards.     | SMT                           | As above        |
| The Council ensures that its performance management system (ePerform) is fully populated so as to maximise the benefit of the system.                                      | Medium | Revised performance management arrangements being developed.   | Giles Perritt                 | March 2011      |
| The Council considers the benefits and challenges of upgrading ePerform to a more current version to ensure users have a version most appropriate to their needs.          | Medium | As above.  | Giles Perritt                 | March 2011      |



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