PERFORMANCE MANAGEMENT AT ROCHFORD DISTRICT COUNCIL

A Guide for Elected Members
November, 2006

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1. **Introduction**

Performance management is important because:

- *If you don't measure results, you can't tell success from failure*
- *If you can't see success, you can't reward it*
- *If you can't reward success, you're probably rewarding failure*
- *If you can't see success, you can't learn from it*
- *If you can't recognise failure, you can't correct it*
- *If you can demonstrate results, you can win public support*
- *What gets measured gets done*

<div align="right">"Reinventing Government", Osborne and Gaebler</div>

2. **The Member's Role**

The Councillor's role is vital in helping to drive up performance. You can do this in a number of ways:

- Setting or scrutinising strategic direction, priorities, non-priorities and budgets

- Monitoring performance – using the reports you receive to get a better picture of how well we are doing. Such reports will include Performance Reports, Reports to Committees, Progress on Decisions etc.

- Challenging performance – asking questions about current performance and improvement plans, understanding how we compare to the best performing Councils, etc.

- Using your local knowledge to draw out the bigger picture from constituent enquiries, complaints, compliments, casework, surgeries and so on

- Participating in service reviews

- Confirming that adequate systems are in place to manage performance, risk and resources by reviewing and challenging Internal and External Audit reports.

3. **What is Performance Management?**

There are many definitions of Performance Management, but it has recently been defined as:

> "*taking action in response to actual performances to make outcomes for users and the public better than they would otherwise be*"

<div align="right">Performance Management, Measurement & Information Project – Audit Commission/IDeA</div>

(IDeA - Improvement & Development Agency)

To effectively manage performance, Members, managers and employees must be able to demonstrate that there is:

- A systematic approach to deciding and communicating what needs to be done (aims, priorities and targets)
- A plan for ensuring that it happens (improvement or service plans)
- Some means of assessing if this has been achieved (performance measures)
- Information reaching the right people at the right time (performance monitoring and reporting) so that decisions are made and action taken

4. What are the characteristics of effective performance management?

The Improvement & Development Agency (IDeA) have identified the following as characteristics for effective Performance Management:

- A clear vision and purpose and a focus of outcomes
- Commitment to and enthusiasm for realising the community's aspirations
- Effective democratic and community engagement
- Robust planning, monitoring and review systems
- Strategic and enabling corporate management arrangements

This will be supported by:

- Real-time, regular and accurate performance data
- A "can-do" culture inspired by strong leadership
- Agreed lines of individual accountability
- Clear performance management review, combining challenge and support

If successful, performance management will ensure that the community, organisation and team goals are achieved. It helps to:

- Prioritise what gets done and ensures there are sufficient resources to do it
- Ensures the authority provides value for money
- Motivates and manages staff
- Identifies and rectifies poor performance at an early stage
- Learns from past performance and improves future performance
- Increases user and public satisfaction

Effective performance management requires a co-ordinated approach to planning and review, to enable key decision makers, both political and managerial, to take action based on both facts about performance and the public perception of performance, encompassing consultation with service users and residents.

In practice there need to be 6 elements to enable this to be carried out effectively, and these need to be integrated into the performance management framework:
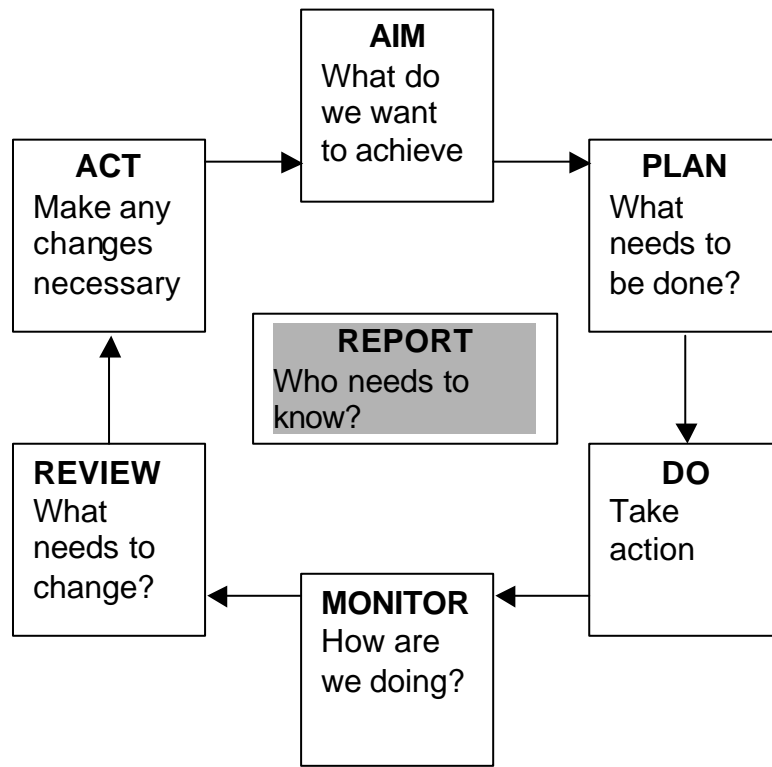
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                    ┌──────────────┐
                    │     AIM      │
                    │  What do     │
                    │  we want     │
                    │  to achieve  │
                    └──────────────┘
   ┌──────────────┐                  ┌──────────────┐
   │     ACT      │                  │    PLAN      │
   │  Make any    │                  │  What        │
   │  changes     │    ┌──────────┐  │  needs to    │
   │  necessary   │    │  REPORT  │  │  be done?    │
   └──────────────┘    │ Who needs│  └──────────────┘
                       │ to know? │
   ┌──────────────┐    └──────────┘  ┌──────────────┐
   │   REVIEW     │                  │     DO       │
   │   What       │                  │   Take       │
   │   needs to   │                  │   action     │
   │   change?    │  ┌────────────┐  └──────────────┘
   └──────────────┘  │  MONITOR   │
                     │  How are   │
                     │  we doing? │
                     └────────────┘
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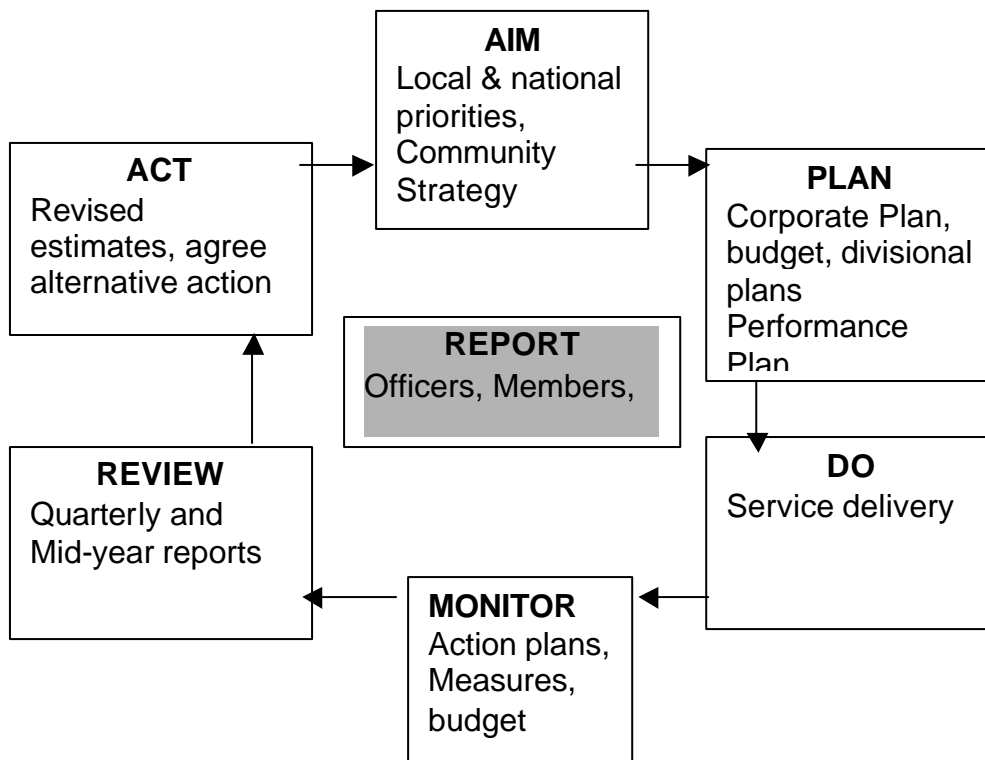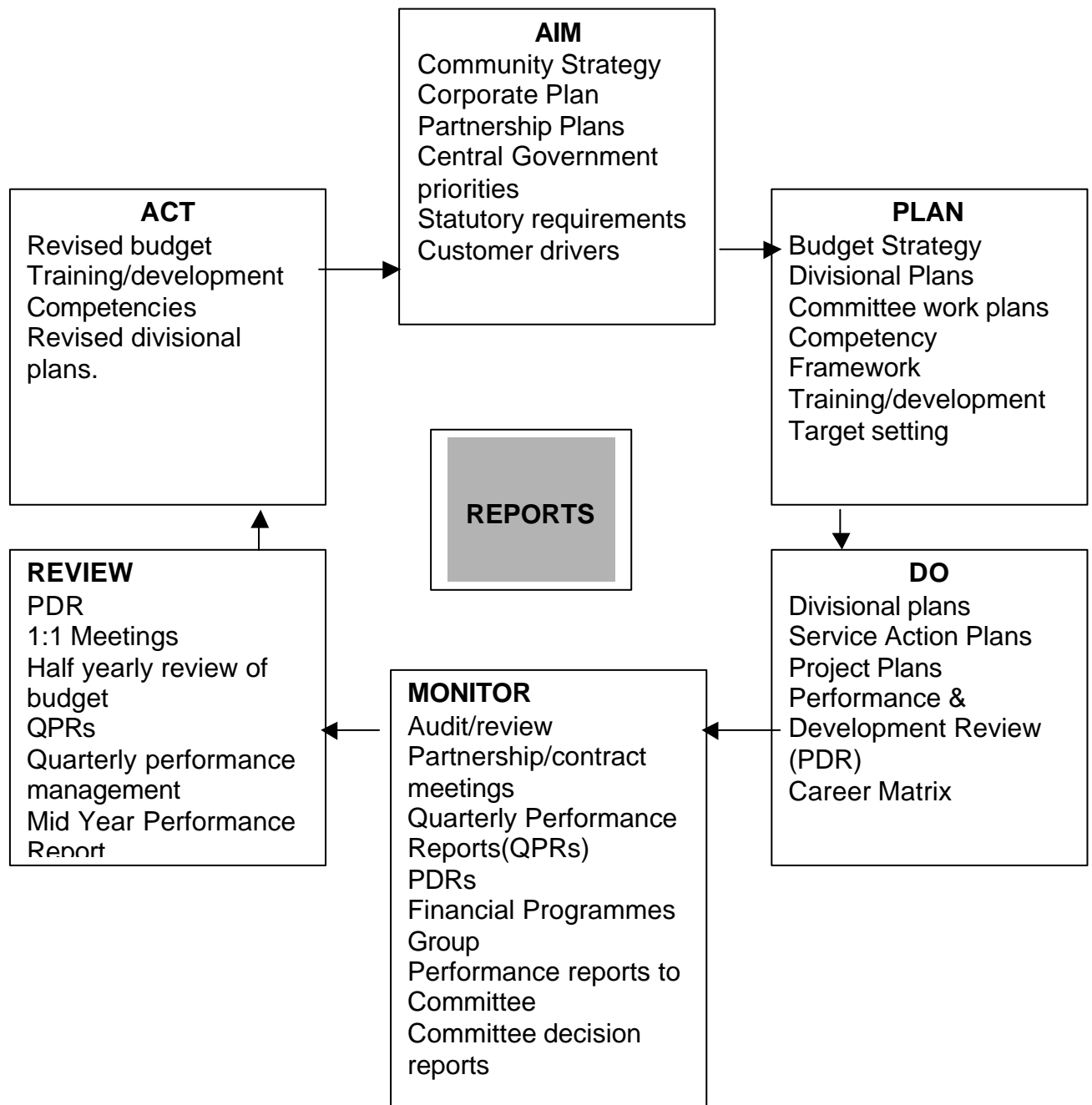
Corporate Performance Management Framework

Expressing the above as a framework for a District Council may be shown as follows:

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                    ┌──────────────┐
                    │     AIM      │
                    │ Local &      │
                    │ national     │
                    │ priorities,  │
                    │ Community    │
                    │ Strategy     │
                    └──────────────┘
   ┌──────────────┐                  ┌──────────────┐
   │     ACT      │                  │    PLAN      │
   │  Revised     │                  │ Corporate    │
   │  estimates,  │                  │ Plan,        │
   │  agree       │                  │ budget,      │
   │  alternative │  ┌────────────┐  │ divisional   │
   │  action      │  │  REPORT    │  │ plans        │
   └──────────────┘  │ Officers,  │  │ Performance  │
                     │ Members,   │  │ Plan         │
   ┌──────────────┐  └────────────┘  └──────────────┘
   │   REVIEW     │                  ┌──────────────┐
   │ Quarterly and│                  │     DO       │
   │ Mid-year     │                  │ Service      │
   │ reports      │                  │ delivery     │
   └──────────────┘  ┌────────────┐  └──────────────┘
                     │  MONITOR   │
                     │ Action     │
                     │ plans,     │
                     │ Measures,  │
                     │ budget     │
                     └────────────┘
```
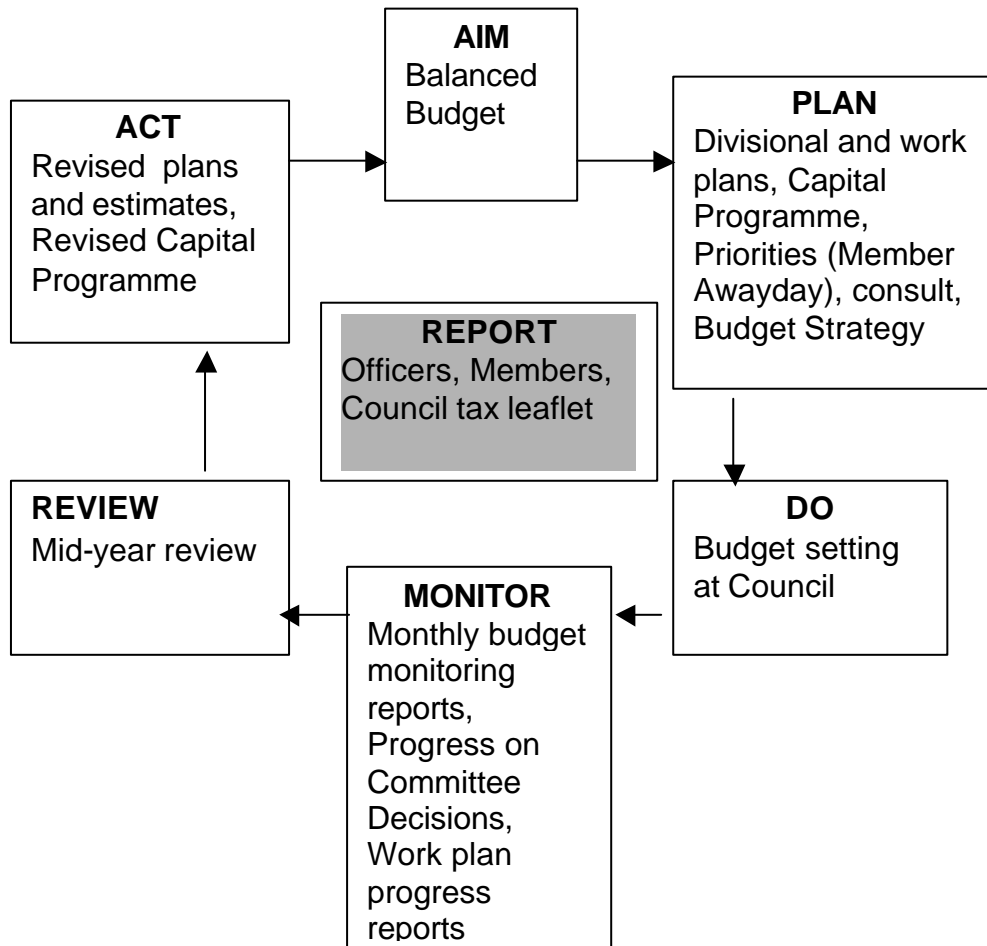
For Rochford District Council the framework looks like this:

AIM
Community Strategy
Corporate Plan
Partnership Plans
Central Government priorities
Statutory requirements
Customer drivers

ACT
Revised budget
Training/development
Competencies
Revised divisional plans.

PLAN
Budget Strategy
Divisional Plans
Committee work plans
Competency Framework
Training/development
Target setting

REPORTS

DO
Divisional plans
Service Action Plans
Project Plans
Performance & Development Review (PDR)
Career Matrix

REVIEW
PDR
1:1 Meetings
Half yearly review of budget
QPRs
Quarterly performance management
Mid Year Performance Report

MONITOR
Audit/review
Partnership/contract meetings
Quarterly Performance Reports(QPRs)
PDRs
Financial Programmes Group
Performance reports to Committee
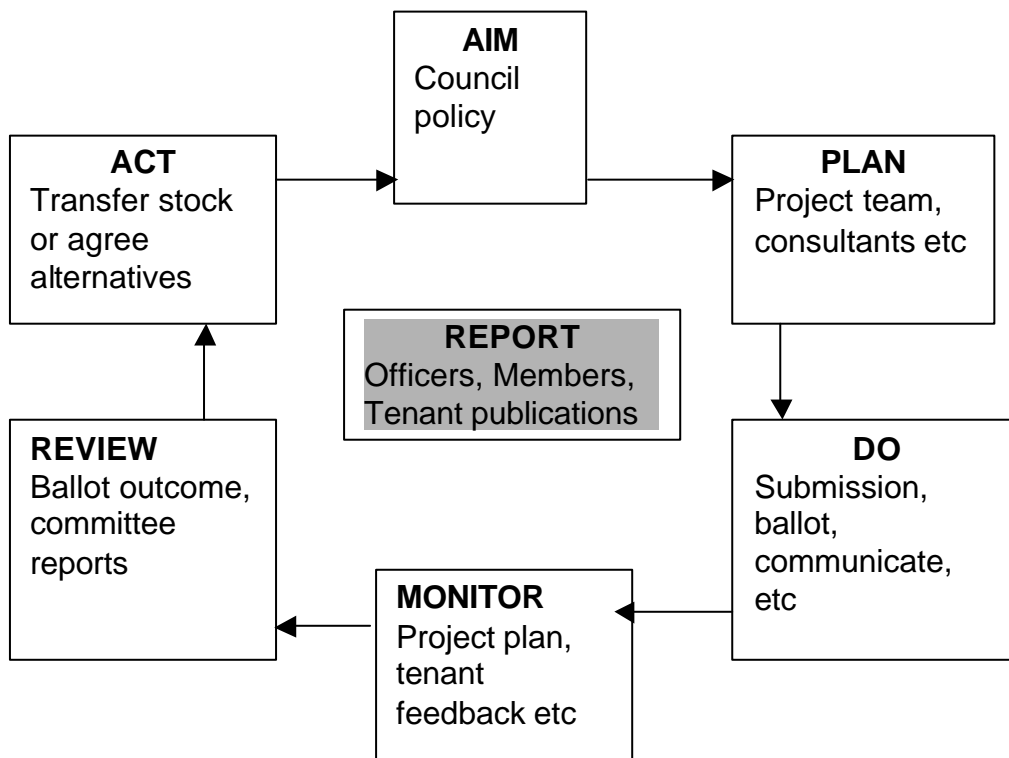Committee decision reports

These elements can also be applied to either annual processes or individual projects as the following example diagrams illustrate:

<u>Annual Process – Budget Strategy</u>

```
                 ┌─────────────┐
                 │   AIM       │
┌──────────────┐ │  Balanced   │ ┌──────────────────────┐
│   ACT        │ │  Budget     │ │   PLAN               │
│ Revised plans│─▶└─────────────┘─▶ Divisional and work  │
│ and estimates,│                 │ plans, Capital       │
│ Revised Capital│                │ Programme,           │
│ Programme    │                 │ Priorities (Member   │
│              │  ┌────────────┐ │ Awayday), consult,   │
│              │  │  REPORT    │ │ Budget Strategy      │
└──────────────┘  │ Officers,  │ └──────────────────────┘
        ▲         │ Members,   │
┌──────────────┐  │ Council tax│          │
│  REVIEW      │  │ leaflet    │          ▼
│ Mid-year     │  └────────────┘ ┌──────────────────────┐
│ review       │                 │   DO                 │
│              │  ┌────────────┐ │ Budget setting       │
└──────────────┘  │  MONITOR   │ │ at Council           │
         ◀────────│ Monthly    │◀└──────────────────────┘
                  │ budget     │
                  │ monitoring │
                  │ reports,   │
                  │ Progress on│
                  │ Committee  │
                  │ Decisions, │
                  │ Work plan  │
                  │ progress   │
                  │ reports    │
                  └────────────┘
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Specific Project – e.g. Housing Stock Transfer

```
                              ┌──────────┐
                              │   AIM    │
                              │ Council  │
                              │ policy   │
                              └──────────┘
                           ↗              ↘
┌──────────────┐                              ┌──────────────┐
│   ACT        │                              │   PLAN       │
│ Transfer stock│       ┌────────────────┐   │ Project team,│
│ or agree     │        │    REPORT      │   │ consultants etc│
│ alternatives │        │ Officers, Members,│ │              │
└──────────────┘        │ Tenant publications│└──────────────┘
     ↑                  └────────────────┘          ↓
┌──────────────┐                              ┌──────────────┐
│  REVIEW      │                              │   DO         │
│ Ballot outcome,│                            │ Submission,  │
│ committee    │        ┌──────────────┐      │ ballot,      │
│ reports      │   ←    │  MONITOR     │  ←   │ communicate, │
└──────────────┘        │ Project plan,│      │ etc          │
                        │ tenant       │      └──────────────┘
                        │ feedback etc │
                        └──────────────┘
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5.   **What are the Building Blocks of our Corporate Performance Management Framework?**

Community Strategy

Rochford's Community Strategy was produced in 2004 by the Local Strategic Partnership (LSP), which included representatives of statutory agencies, local businesses and the community and voluntary sectors. The Strategy sets out a long, medium and short-term vision for the district to cover 20 years and is accompanied by a Community Strategy Action Plan that shows the actions necessary to achieve the Strategy aims.

The key themes of Rochford's Community Strategy were developed from public consultation and agreed in partnership with other agencies and the business and voluntary sector. They are:

- Feeling safe
- Looking after our environment
- A good education, good skills and good jobs
- Healthy living
- Getting around
- An inclusive community

A major review of the Community Strategy is planned from late 2006.

Local Development Framework (LDF)

The provisions of the Planning and Compulsory Purchase Act 2004 require that the Rochford District Local plan will gradually be replaced by a set of policy documents that together make up the Local Development Framework. The LDF will comprise a Local Development Scheme (LDS), which is a project plan for the preparation of LDF documents, a Statement of Community Involvement (SCI), various Development Plan Documents (DPDs) including the Rochford Core Strategy DPD and the Site Allocation DPD, and Supplementary Planning Documents.

Partnership Plans

There are a number of medium term plans that are agreed in partnership with other agencies, which will impact on the Council, examples include the Crime & Disorder Reduction Strategy and the Local Area Agreement (LAA) for Essex

Corporate Plan

Rochford District Council is a key partner within the LSP and has regard to the Community Strategy and Action Plan in shaping its own priorities, which are set out in its Corporate Plan. The current Plan was produced in June 2006 and identifies where the Council wants to progress to by establishing priorities and targets for the short to medium term.

The Council wants "to make Rochford District the place of choice in the county to live, work and visit" and has the specific aims of:

- Providing quality, cost effective services
- Working towards a safer and more caring community
- Providing a green and sustainable environment
- Encouraging a thriving local economy
- Improving the quality of life for people in the district
- Maintaining and enhancing the local heritage

In addition to its aims, the Council has the following values that guide its day-to-day working:

- Acting with integrity
- Being open and transparent about what it does
- Respecting others and treating people courteously and equally
- Being responsive to customer needs and requests
- Always trying to improve on what it does
- Working with others to improve what it does directly and through partnership working

The Corporate Plan is reviewed annually.

Medium Term Financial Strategy (MTFS)

The Medium Term Financial Strategy follows from the Corporate Plan and shows how resources will be allocated to delivering and improving services and to achieving the Council's aims. Service priorities are considered each year as part of the budget setting process. Members also highlight their priorities for incorporation in the budget, through a series of focussed 'awayday' sessions.

Performance Plan

This statutory Plan is produced in June of each year and reports performance in the previous 12 months and sets out targets and priorities for the coming year, which are linked to the Corporate Plan.

Divisional and Service Plans

Plans are produced for each of the Council's divisions and are further specified for each Service as necessary. They set out annual aims and targets, which are aligned, to the Corporate Plan. Risk assessment is applied to help inform priorities and manage risk. The Plans also identify the resource requirements of actions. Initial drafts are produced in October of each year and are then finalised once the budget has been set.

Committee Decision Monitoring (Progress on Decisions Reports)

Reports are provided to Members to apprise them of progress against the decisions taken by each Committee.

Performance Indicators

Performance indicators are the basic tools of performance measurement, which show how well we are progressing towards achieving our goals.

There are three types of performance indicators:

- National Best Value Performance Indicators (BVPI) give a view of the organisational, financial, managerial and democratic integrity of the Council and the delivery of some specified services

- Local Area Agreement (LAA) indicators are measures agreed locally as part of Essex's Agreement with Government

- Local indicators reflect Rochford District Council's local priorities and provide key management information for services where there are no national indicators

As well as measuring our own achievements, performance indicators allow us to assess how well we are doing in comparison to other organisations that use

the same indicators. The use of performance indicators and our agreed approach to performance reporting are further detailed in the Annex to this guide.

Performance & Development Reviews (PDR)

Between April and June each year, every employee will have a Performance and Development Review interview conducted with reference to the Rochford District Council Competency Framework. During the interview, aims, targets and training needs will be agreed at an individual level for the next 12 months. These should contribute towards achieving service or corporate aims. A half yearly formal interview also takes place to assess progress and identify any issues arising.

In addition to the PDR process, team meetings and other performance review mechanisms reinforce what needs to be done and measure the progress towards agreed goals.

6.   How do these blocks fit together?

PERFORMANCE INFORMATION:		
	COMMUNITY STRATEGY ↓	Sets out a long-term vision for Rochford. Published in 2004, the strategy will be implemented by the Local Strategic Partnership and will be reviewed every 3 years
• is used to inform all elements of the performance management framework	**LOCAL DEVELOPMENT FRAMEWORK**	A set of policy documents which will gradually replace the Rochford District Local Plan
• consists of a range of indicators including BVPI, LAA, and local performance indicators etc as well as various plan/programme progress reports, and Progress on Decisions reports	**PARTNERSHIP PLANS** ↑ ↓	Medium term plans which impact on more than one organisation, an example being the Crime & Disorder Reduction Strategy
	CORPORATE PLAN ↑ ↓	Sets out a medium term vision for Rochford District Council and outlines aims and priorities. Produced in 2006 and will be updated annually and subject to full review every 3 years
	MEDIUM TERM FINANCIAL PLAN ↓	Medium term plan showing how the Council's resources are to be allocated
	PERFORMANCE PLAN	Produced annually, reports performance and sets out proposed actions
	DIVISIONAL PLANS ↑ ↓	Sets out annual plans and targets for individual services, which are aligned to the resources available
	PERFORMANCE & DEVELOPMENT REVIEWS ↑	Sets out annual objectives for individual employees and highlights training needs, which are aligned to the service's aims

7. Annual Service and Financial Planning & Performance Management Cycle

September	• First Quarter PI reporting for current year • Member visioning day for next year
October	• Draft Divisional Plans produced for next year • Members and SMT begin to discuss corporate priorities for the coming year and budget options • Preparation of Estimates
November	• Second Quarter PI reporting for current year • Member Budget Awayday for next year
December	• Preparation of Budget Strategy for next year
January	• Member Budget Awayday • Budget Setting Committee
February	• Third Quarter PI reporting for current year • Council Tax setting for next year
March	• Finalise Divisional Plans for next year
April	• Begin PDR interviews for the financial year now commenced
May	• End of Year PI reporting for previous financial year
June	• 30th – publish Performance Plan • Approval of Annual Accounts for previous financial year
July	• End PDR interviews for current year
August	

Annex – Performance Reporting

Performance Indicators

There are three types of performance indicators:

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- Local Area Agreement (LAA) indicators are measures agreed locally as part of Essex's Agreement with Government

- Local indicators (L) reflect Rochford District Council's local priorities and provide key management information for services where there are no national indicators

Performance Reporting and Performance Monitoring

It is important to recognise that the monitoring of performance is different from the reporting of performance.

Performance reporting is required to ensure that those who are accountable for performance and those who are service users are kept informed about service delivery and standards.

Performance monitoring is much more about early identification of any deviation from targets by managers so that corrective action can be taken. Whilst both reporting and monitoring may utilise similar information, the timescales for reporting are less immediate than those for monitoring.

Members' Priorities

In July 2006, the Policy Finance & Strategic Performance Committee agreed to a quarterly report which focuses on those areas of performance which Members had previously stated they wished to see in respect of outstanding CPA issues, and those projects and performance indicators which measure performance on the delivery of Members' key priorities as follows:

Outstanding CPA issues

- Production of a Corporate Plan
- Review and upgrade of the Performance Management System with greater transparency and linkages between the various elements
- Development of cost comparison/value for money concepts in service development and the budget process
- The Member decision making process around planning

Key projects/service developments

- Increased Recycling
- Development of Cherry Orchard Jubilee Country Park
- Improved Lighting in Alleyways
- Clean, Green & Safe Environment Activities
- Performance of the Gardening/Handyman Service
- Performance of the Benefits/Council Tax Services
- Expansion of Rochford Cemetery

Availability of Performance Reports

In addition to the Quarterly Performance Reports to Members, a Mid-year Performance Report to Members is also produced covering all BVPI and Local Indicators, and comprehensive information on all performance indicators is available on request or via the Council website.

Full year results for all BVPI and selected Local indicators are published in the statutory Performance Plan by 30th June each year.

The Quarterly and Mid-year Performance Reports to Members are thus the primary elements of a performance management reporting system based on providing information to meet Members' expressed information requirements