Performance Summary Report

September 2006

audit commission

Performance Management Report

North Wiltshire District Council

Audit 2005-2006

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Introduction

1 Performance management is the process through which the council plans and delivers what it wants to achieve for its local community. It includes systems, processes and reporting arrangements to translate strategic objectives into delivery and identify the need for corrective action. A sound performance management framework will help councils sustain focus on what they want to achieve, guide political decision making and ensure that resources are aligned with priorities. It will also establish accountabilities, set clear targets and clarify the roles and responsibilities of teams and individuals so that they are clear about how they should prioritise their work. Fundamentally, performance management is key to driving and sustaining improvement.

Background

2 We originally carried out a detailed assessment of the Council's performance management arrangements in January 2004. At that time we concluded that the Council was making progress by establishing a business planning framework, although this was not embedded and staff awareness was low. The report made a number of recommendations, including the need for clear guidance on business processes and improved communication with staff.

3 The Comprehensive Performance Assessment in 2004 also identified weaknesses in the council's arrangements for performance management. Although some services were found to be using performance information effectively to drive improvement, a performance culture was not embedded across the organisation. The quality and coverage of performance information was variable and some services were relying on a piecemeal approach that did not use performance information in a prioritised way.

4 Since then the Council has been working to improve its overall approach. The main vehicle is a three year programme of business planning that sets out the roles, objectives and action plans for every business area, team and member of staff in delivering corporate priorities. It has also reviewed its approach to recording, collating and reporting information to senior managers and councillors. It has also significantly improved communication with staff to raise awareness of corporate priorities and performance issues in general.

5 Our current work to inform our opinion on value for money (VFM) at the Council requires us to look at many aspects of performance management. As a result, we linked the VFM assessment with two short focused pieces of work - one specifically on service and financial planning and the other more broadly on other aspects of performance management. The latter forms the basis of this report.

6 To complete the picture and avoid duplication, this current assessment focuses on elements of the performance framework not already covered by our work on service planning. It concentrates on the following areas, representing the strategic and operational aspects of performance management:

- the effectiveness of strategic and corporate planning arrangements in establishing clear aims and priorities;
- whether the reporting and monitoring arrangements are successful in driving improvement and identifying the need for timely, corrective action; and
- how effectively the Council translates its corporate and business aims and priorities into operational targets and actions for individuals, for example though staff appraisals.

Audit approach

7 Our objective is to update our earlier findings and identify areas for improvement. To do this we reviewed documents, including the corporate plan and community strategy as well as the best value performance plan (BVPP). We interviewed a number of senior councillors, strategic managers and the chief executive. We held focus groups with frontline staff and third tier managers (known as team leaders at this council) and observed a senior management meeting at which performance information is reported.

8 This has been a short focused piece of work, aimed at assessing current performance and identifying areas for improvement. Our findings are presented in a short summary below, followed by a number of specific recommendations.

Main conclusions

9 A performance management framework is now in place but is not effective in consistently driving improvement in services and ensuring that delivery stays on track. There are some elements of good practice and the framework has supported improvement in some services such as planning. But, a performance culture is still not embedded across the organisation. 'Buy in' from staff and councillors is variable. As a result, the Council is not achieving consistent improvement in services to match its ambitions.

10 Trends in performance indicators (PIs) confirm that performance management arrangements are not consistently supporting improvement. The proportion of best value performance indicators (BVPIs) that met targets reduced from 64 per cent in 2004/05 to 47 per cent in 2005/06. A growing proportion of indicators are not improving; 44 per cent per cent of PIs did not improve in 2005/06 compared with 33 per cent in 2003/04 and 20 per cent in 2002/03[I]. This raises doubts over the effectiveness of the Council's arrangements for sustaining improvement and managing performance.

[I] Best Value Performance Plan 2006/07

11 We identified some key strengths.

- Effective mechanisms are in place to communicate and cascade information across the organisation, through regular newsletters, team briefings, meetings and staff focus groups. As a result, staff at all levels are familiar with council priorities and issues relating to current performance.
- Diligent reporting of performance information takes place through a variety of mechanisms, with effective processes to cascade information to teams and staff.
- Measures are in place to help lead councillors focus on priorities, for example through the recent introduction of performance management sheets that set out key areas of work and target dates for delivery.
- Systems are in place to corporately monitor complaints and feedback and take corrective action.
- An effective electronic system supports the collation of performance information and the Council plans to upgrade this to improve reporting.
- A new policy and budget framework is being established to better align budget setting, service planning and staff appraisals to an integrated timetable.

12 However a number of key weaknesses are preventing the current performance framework from operating effectively. These are set out in the following paragraphs.

13 The strategic planning framework does not provide a clear basis for achieving the Council's ambitions. There is no clear hierarchy of complementary plans. The community strategy sets broad strategic aims under eight 'themes' but does not set SMART targets or outcomes that it seeks to achieve, or identify the contribution of partner organisations. Links to the county wide community strategy or the five separate community area plans within the district are unclear. This limits the Council's ability to contribute to the long term strategic vision for the area.

14 The corporate plan is confusing and lacks clarity. Although it sets out a long term vision, aims and priorities, the language used and the choice of issues identified as priorities is inconsistent and confusing. There is a fundamental confusion between values, delivery mechanisms, actions, outputs and outcomes (results) resulting in priorities that lack clarity or precision. This provides a poor focus for delivering the Council's ambitions or cascading actions to individuals and teams.

15 The Council has attempted to map priorities to the community strategy and the Council's longer term vision, but this is complicated by the fact that not all priorities are clearly defined. Some priorities represent values such as 'customer focus' and 'equalities and diversity'. Others such as 'partnership working' are delivery mechanisms. The priority of 'car parking and decriminalisation' mainly refers to actions flowing from changes in legislation. The priority of 'spatial planning' concerns the statutory process of preparing a Local Development Framework, but does not specify what the Council hopes to achieve through this process. In addition, the ranking of priorities is not clear, and non-priorities are not defined, making it difficult for staff and councillors to know how to focus their efforts. As a result, the corporate plan provides a weak basis for establishing a sound performance management framework.

16 Linked to the above, priorities are not consistently translated into SMART outcome based targets to measure success and keep delivery on track. There is an over reliance on a large number of actions, partially supported by selected 'best fit' BVPIs rather than specifically tailored outcome measures to drive performance. The completion of actions is regarded as the measure of success rather than their impact on services provided to local people. Some priorities have no targeted outcome measures, including 'healthy lifestyles', 'buoyant economy' and 'car parks and decriminalisation'. Although corporate service standards are in place, specific service standards have not been developed for most services. Without appropriate targets for what it wants to achieve, it is difficult for the Council to develop effective plans and strategies to support its ambitions, set budgets or allocate resources to achieve the level of performance it wants.

17 The Council is aware of many of the limitations in the corporate plan and has attempted to clarify what it is trying to achieve by launching '25 pledges' to local people, using examples of how the plan is informing service delivery and improvement. While this is helpful in promoting awareness of what the Council is doing, it does not clarify delivery arrangements and potentially dilutes the Council's focus on its stated aims.

18 Councillors are not consistently providing strong leadership or direction in delivering corporate aims and priorities. Some councillors are easily distracted by local ward issues or have other priorities that are unrelated to Council aims. No party has overall control and political differences impede effective collaborative working to a common agenda. Scrutiny is improving and is constructively developing its role in some areas. But its effectiveness is limited by political tensions and the absence of a performance 'culture' which means that it is not consistently holding officers to account.

19 The current organisational structure does not make it easy for the Council to address cross-cutting issues that form the basis of many of its priorities or support constructive working with political portfolio holders to achieve this. Although political portfolios are generally aligned with Council aims, many priorities are generic or cross-cutting, requiring lead councillors to liaise with a number of senior managers to fulfil their roles. One member of the Executive is responsible for democracy and governance (including performance management), which raises the profile of this issue corporately. As a result, the nine members of the Executive (eight of whom have portfolio responsibilities) currently relate to the chief executive, four strategic managers and twenty team leaders who are responsible for individual services. The Chief Executive is aware of these issues and is starting to address them in a report that will be presented to Council in September. Closer alignment of political portfolios with organisational structures could promote a sharper focus on performance for councillors and staff, particularly if corporate priorities were more clearly defined.

20 Performance reporting arrangements are overly complicated which weakens their effectiveness. The Council is meticulous in reporting a large amount of performance information to senior managers and councillors and has improved graphic presentation in the BVPP. In addition to the BVPP we counted 27 different reporting mechanisms, ranging in frequency from monthly to once a year. This imposes demands on staff time in collating and reporting information, often without obvious purpose. The dispersal of performance information in this way means that the Council risks losing focus on key issues, may fail to recognise interdependencies or take timely corrective action. The purpose of different reporting processes is not always clear - in particular whether it is it to account for performance to managers and councillors, communicate performance to others or drive improvement. These distinctions are important if duplication is to be avoided and to ensure that the information being reported is used to maximum effect.

21 Effective mechanisms are not in place to ensure that corporate priorities are systematically translated into actions for individuals and teams. A well established staff appraisal system links individual work plans to service and team plans, and sets targets for individuals that are monitored through monthly meetings with managers. Staff find the arrangements helpful in reviewing their performance and obtaining feedback from managers. However, the appraisal system is primarily competency based. It focuses on individual training and development needs, although to date, this is not coordinated corporately - although action has recently been taken to address this. Until staff work plans are closely aligned with corporate aims and priorities staff may not be clear about what they can stop doing and the Council cannot be sure that staff are consistently directing their efforts on what it wants to achieve.

22 Systems to share learning across the organisation are underdeveloped. Some services such as environmental health perform consistently well and others, such as planning and customer services have achieved significant improvement. Learning is shared at top management level but not systematically used to help underperforming services. Linked to this, benchmarking is underdeveloped. The Council is missing opportunities to improve through challenging its performance against others.

23 Despite the Council's success in establishing a clear framework, a robust performance culture is still not embedded. At present, it is not clear whether the lack of consistent buy-in and leadership from senior councillors and some managers is a 'hearts and minds' issue or is based on the failure of corporate planning process to give clear direction. In some areas there is a lack of clear commitment to using information to drive performance. Accountability for underperformance and failure to submit performance data are not robustly enforced by senior managers or councillors. Strong leadership and direction will help the Council use its performance management framework more effectively to achieve what it wants for local people.

Appendix 1 – Action plan

Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Performance management					
R1 Simplify the content and review the purpose of the Corporate Plan to establish a sound basis for identifying and cascading the Council's vision, aims and priorities to staff, councillors and eternal stakeholders. In particular: • remove the confusion in terminology between delivery mechanisms, actions 'values', outputs and outcomes (results) which is currently used to define priorities; • establish relevant outcome based measures and SMART targets, tailored to what the Council wants to achieve in ALL priorities; • as appropriate, rank priorities to establish their order of importance; and • define what are not priorities.	3	Chief Executive			
R2 Review the strategic planning framework to ensure that all plans are aligned and complement each other in providing a clear strategic framework and long term vision.	3	Chief Executive			

Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
R3 Improve councillor leadership in delivering council aims and priorities through targeted training and/or mentoring by peer councillors from other authorities, in particular to: • improve awareness of councillors roles and responsibilities in managing performance; • develop a collaborative partnership approach between political parties whilst holding officers to account; and • maintain focus on agreed priorities.	3	Strategic Manager Corporate Services			
R4 Rationalise and more closely align political portfolios with priorities and ensure that organisational structures effectively support delivery of corporate aims and priorities.	2	Chief Executive			
R5 Rationalise and simplify reporting arrangements to ensure that: • information is used effectively to both monitor performance and drive improvement; • relevant data is reported together to facilitate identification of cross-cutting issues that impact on performance; and • corrective actions from reporting are clearly identified and enforced.	2	Strategic Manager, Corporate Services			

Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
R6 Develop the existing staff appraisal framework to more closely link to corporate aims and priorities.	2	Strategic Manager, Corporate Services			
R7 Establish mechanisms to systematically share learning across the Council and use benchmarking to drive improvement.	2	Strategic Manager Corporate Services			

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