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| Date of Meeting | 14th December 2006 |
| Title of Report | Procurement of a Performance Management System |
| Portfolio | Democracy and Governance |
| Link to Corporate Priorities | This report links to all priorities |
| Key Decision | No |
| Executive Workplan Ref | B306 |
| Public Report | Yes |

Summary of Report

This report outlines the current performance management arrangements for the Council, it describes the benefits that a new performance management system will bring and provides an update on progress in procuring a new system.

Officer Recommendations

- 1. That the Council procure the preferred performance management system via an in year capital virement from underspending identified in the capital programme.**
- 2. That authority to procure the performance management system is delegated to Strategic Manager for Corporate Services.**

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

| Financial Implications | Legal Implications | Community & Environmental Implications | Human Resources Implications | Equality & Diversity Implications |
|------------------------|--------------------|--|------------------------------|-----------------------------------|
| Yes | Yes | Yes | Yes | None |

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1. Introduction

- 1.1 In March 2006, Executive resolved “that the procurement of performance management software be pursued”.
- 1.2 This report outlines the current performance management arrangements for the Council, it describes the benefits a new performance management system will bring and provides an update on progress in procuring a new system.

2. Options and Options Appraisal

- 2.1 Option 1: The Council procure the preferred performance management system via an in year capital virement from underspending identified in the capital programme. This is the preferred option, as it will assist in embedding performance management across the Council.
- 2.2 Option 2: Do nothing - the Council continue to use separate databases and documents to store performance information, risks, business plans and projects. This would restrict the Council’s ability to integrate and embed performance management.

3. Background Information

- 3.1 Effective performance management is critical to the success of a well-run authority. It is about us making the best use of people and information to help us improve services to the community.
- 3.2 In the 2004 CPA report, performance management was awarded a 2 out of 4 rating, meaning that weaknesses outweighed strengths. Overall, North Wiltshire DC was awarded a "Fair" rating in 2004, suggesting that performance management is not currently working effectively.
- 3.3 As part of his review of the organisation to his Appraisals Committee, the Chief Executive highlighted performance management as an area with key weaknesses. This was confirmed by a recent Audit Commission report on performance management in the Council which found that a performance culture was not embedded across the organisation and 'buy in' from staff and councillors was variable. As a result, the Council is not achieving consistent improvement in services to match its ambitions.
- 3.4 Performance management, risk management, corporate plan monitoring and action plans are all currently recorded via disparate databases and spreadsheets that are not linked together and do not have automatic reporting functions. These arrangements mean that the Council is fairly disciplined in recording and collecting information, but not as successful in using it in a timely and effective manner.
- 3.5 A new performance management system will integrate performance information, corporate and service plans, projects and risks, and has the support of lead member for democracy and governance. It will be a key tool for Members and staff to help to provide a fit for purpose organisation, a key risk identified in the strategic risk register.

4. Benefits of New Performance Management System

- 4.1 An improved performance management system will help sustain focus on what the Council wants 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. It is key to driving and sustaining improvement.

4.2 Some benefits that arise from such a system include:

- Improved performance results – A system will provide a focus on delivering priorities and ensure that targets and accountabilities are clearly assigned.
- Timely information for staff and members – Real-time information, relevant to the person using the system, will be available in one place. For example a status summary of all key corporate plan actions, risks, projects and performance indicators would be available for each portfolio holder or service manager.
- Improved decision-making – Comprehensive, up to date and relevant information will provide a robust basis for decision making.
- Early warning of problems – Projects, actions, performance and risks that are not on target or are at an unacceptable level can be quickly identified and reported to managers and Members. Remedial action can then be planned and followed up.
- Time savings – The time spent by officers providing management information will be reduced, as a new system will remove the need to supply similar information to a number of disparate systems. An automatic reporting function will reduce the time taken to produce reports, which are currently produced manually.
- Improved partnership working – A new system would enable us to map our partnerships' performance and strengthen accountability and governance arrangements in line with the new local government White Paper.
- Better assessments by inspectors – Improved external judgements will reduce the burden of external inspections and increase the freedoms and flexibilities afforded by central Government

4.3 It should be noted that a performance management IT solution does not automatically provide effective performance management within an organisation. It is a tool that will enable the delivery of an enhanced performance management framework. To succeed, a culture of performance management has to be embedded across the authority. Implementation of a system will contribute to this.

5. Progress to Date

5.1 A specification of requirements was drawn up based on best practice and with input from the Performance Management Officers Group. This was provided to 4 performance management software providers to provide quotations.

5.2 Key requirements and considerations that guided our evaluation of the proposals are given below

- Integration of performance management, risk management, business planning and project management.
- Ability to demonstrate “golden thread” from corporate plan / community strategy through to individual's actions, showing links to risks, PIs, improvement plans and other relevant information.
- Flexible and timely information and reporting for officers and Members.
- Ease of use – it is essential that the system can be used by all officers to ensure it is embedded across the Council.
- Personalised profiles – each user will have their own homepage with information relevant to them, from Executive Members to Team Leaders.
- Ability to map partnerships' performance.

- Flexibility to allow for future performance management needs.
- Established user group.
- Future training and support provision.
- Robust security and audit trail to satisfy data quality and corporate governance requirements.

5.3 3 suppliers provided proposals and quotations in response to our specification. Initial capital costs range from £25,250 to £32,250 and future annual revenue costs range from £5,300 to £7,320.

5.4 The Performance Management Officers Group reviewed presentations from the 3 suppliers and information gained from contacting existing users, and evaluated them against the key requirements.

5.5 Based on the evaluation, a preferred supplier has been identified and a further site visit has been planned to see the system operating at another council.

6. Way Forward

6.1 On completion of the evaluation, and assuming approval for capital funds, the preferred supplier will be chosen and engaged to start implementation in January 2007.

6.2 The implementation and roll-out of the system will be project managed, using PRINCE2 methodology. The project will be rolled out in a staged process, with the first milestone being the inclusion of the new corporate plan, performance indicators and risks on the system by the start of 2007/08. Other elements such as the Community Strategy action plans, service plans and projects can then be incorporated at later stages

6.3 Future performance management requirements, such as those outlined in the recent local government white paper, have been identified and included in our evaluation. It is possible, for example, to give our partners access to the system, which will help to manage links to the emerging Local Area Agreement and the Community Strategy.

7. Financial Implications

7.1 Initial capital costs range from £25,250 to £32,250 and future annual revenue costs range from £5,300 to £7,320. The capital element will be met by an in year capital virement from underspends identified in the capital programme and the annual revenue costs will be covered by the Policy and Democratic Services Team budget.

8. Legal Implications

8.1 If option 1 is accepted, the Council will enter into a contract with a supplier for the provision of a performance management system.

9. Community and Environmental Implications

9.1 Community Strategy action plans and other relevant strategies and partnership arrangements can be mapped and performance managed on the new performance management system.

10. Human Resources Implications

- 10.1 The implementation of a new system will require the majority of time from 1 FTE Performance Management Officer and 0.5 FTE Research Officer for the first phase (approx. 6 months). It will also require input from service area representatives. The time spent by officers providing management information will be reduced, as a new system will remove the need to supply similar information to a number of disparate systems.
- 10.2 Appropriate training will be given to all employees that use the system. This will be delivered in a variety of ways, including one-to-one tuition and guidance notes.

11. Risk Analysis

- 11.1 Do nothing – An ineffective performance management system is a key contributing factor for the top risk identified in the strategic risk register, that the council is not a fit for purpose organisation and risk failing to deliver priorities and targets, and using resources inefficiently.
- 11.2 Procure System – The system is not used and that the Council continues to underperform.

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| Appendices: | <ul style="list-style-type: none">• None |
| Background Documents Used in the Preparation of this Report: | <ul style="list-style-type: none">• None |

Previous Decisions Connected with this Report

| Report | Committee & Date | Minute Reference |
|---|---------------------------|------------------|
| <ul style="list-style-type: none">• Performance Management Software | Executive, 9th March 2006 | E190 |