Title of Report:	**Scrutiny review into the Council's Performance Management Framework**
Report to be considered by:	Overview and Scrutiny Management Commission
Date of Meeting:	2 November 2010

Purpose of Report:	**To outline to the Overview and Scrutiny Management Commission the draft recommendations arising from a task group review into the operation of the Council's Performance Management Framework.**
Recommended Action:	**To agree the recommendations for the consideration of the Executive.**

Task Group Chairman	
Name & Telephone No.:	Councillor Irene Neill
Tel. No.:	0118 971 2671
E-mail Address:	ineill@westberks.gov.uk

Contact Officer Details	
Name:	David Lowe
Job Title:	Scrutiny and Partnerships Manager
Tel. No.:	01635 519817
E-mail Address:	dlowe@westberks.gov.uk

Executive Report

1. Introduction

1.1 Following a number of developments in the management of performance, nationally and locally, the Council's Overview and Scrutiny Management Commission (OSMC) agreed to establish a task group to conduct a review into the operation of the Council's Performance Management Framework.

1.2 This report provides the Terms of Reference for the review, sets out how it was conducted and the rationale for undertaking the work. It then outlines the review's findings and the resultant recommendations.

2. Terms of Reference

2.1 The Terms of Reference that the task group agreed were to conduct a review into the operation of the Council's Performance Management Framework, and in particular:

(1) To examine the current operation of the framework and identify ways to make a closer link between the Council Plan and Service Plans;

(2) To consider ways in which the Council can meet the agenda for greater openness and transparency in the public sector;

(3) To assess Scrutiny's role in monitoring progress at an operational and strategic level; and;

(4) Report to the OSMC with draft recommendations for onward submission to the Executive.

3. Membership

3.1 The Members of the cross-party working group were Councillors Gwen Mason, Irene Neill and Quentin Webb. Councillor Neill was elected as the Chairman.

4. Review methodology

4.1 The review was conducted by a small, cross-party task group, working with officers from the Policy and Communication Service.

4.2 The task group held the meetings outlined in the table below.

Srl	Meeting date	Meeting focus
01	Thursday 16 September 2010	- Agreement of Terms of Reference - Initial fact finding and background brief - Agreement of review approach
02	Thursday 30 September 2010	- Council Plan, Service Plan and budget setting processes - Measures and key activities - Public scrutiny
03	Tuesday 5 October 2010	- Identification of findings - Initial formulation of recommendations

4.3   The minutes from the meetings of 16 and 30 September are shown at Appendices A and B.

5.   Background and context

5.1   The speed and scale with which the new coalition government is reshaping the delivery of local public services – and the systems which support them – is unprecedented.

5.2   One example of this is the national performance framework which is being fundamentally remoulded. The overarching external assessment of public sector working generally in an area, along with specific assessments of individual organisations (CAA), has been abolished, and a number of further national indicators have been deleted, or their collation postponed.

5.3   No firm guidance or indication has been provided as yet as to whether or how comparable independent assessments of councils' or public agencies' performance will be made.

5.4   However, the tone of ministers' discourse at present points to a clear expectation that – in support of the government's localism and transparency agendas – councils need to be actively considering more robustly how they report on how well they are doing to the local communities.

5.5   This is happening at a time when West Berkshire Council's 4 year corporate strategy is coming to an end. As such, the council is now starting on the process of thinking about how to define its role in this landscape of reduced public funding and how it will deliver its responsibilities and achieve its ambitions over the coming 4 years.

5.6   The OSMC has previously expressed concern as to the length of the Executive Cycle and the consequent timeliness with which they are able to review quarterly performance update reports. With it not being possible to bring forward the release of the quarterly performance reports to allow Elected Members to scrutinise individual areas of performance, the review allowed an opportunity to consider the value in the OSMC looking more comprehensively at the council's progress in achieving its aims and objectives overall.

6.   Findings of the review

6.1   The Task Groups findings are outlined below.

   (1)   The Council Plan, which sets the strategic direction for all the authority's activity, has a life span of 4 years. The current version covers the period 2007 – 2011 and following its initial production has been updated or, colloquially, 'refreshed' annually.

   (2)   The content of the Council Plan is structured into 16 themes, of which 3 are designated as priorities, each containing a number of aims that are then supported by a number of key measures and activities. Whilst within the current version of the Plan there are 119 specific measures and key activities against which performance is reported quarterly, it is not clear that in all cases the measures or activities accurately relate to the stated aims.

(3)   The relevance of the measures set within the Council Plan are not routinely subject to challenge, although the Council's Overview and Scrutiny Commission has in previous years examined the setting of the targets, nor are they consistent across annual updates. Consequently the measurement of any particular aim, articulated in one year may not be consistently recorded in the subsequent years. Combined, these weaknesses make tracking of progress over the full period of the Council Plan's existence and comparison between years difficult.

(4)   The project plan to manage the update of the existing Council Plan or the production of a new document is generally well structured and allows for the involvement of senior officers and Executive Members. The process is closely monitored and allows for the production of the finished article in a timely manner to meet the requirement for the key work programme to be approved by the Executive in March annually. There is scope however for the earlier explicit involvement of Executive Members, particularly when drafting and agreeing key measures and activities in the upcoming year's plan.

(5)   Commendably, activities to support delivery of the objectives and measures are, with only one exception, articulated in 'Service Plans' produced annually by Heads of Service. The process for the production of Service Plans tends to be more fluid than that for the Council Plan and output is not generally as closely monitored, although key measures and activities are captured and reported quarterly to Corporate Board. There is no explicit link between the two activities which could create a risk of more measures that are articulated in the Council Plan not being translated into intended actions in Service Plans.

(6)   The operation of a 'golden thread' principle, the process through which the Council's aims and objectives are achieved by actions taken by operational delivery, continues down to team plans and through the annual performance appraisal regime for individual members of staff. However as this was out of scope of the review the application in practice was not examined.

(7)   The Council's annual budget setting process operates independently of and slightly ahead of the Council Plan development or refresh. Closer integration between the two activities would appear to offer the opportunity to ensure that priorities and financial resources are appropriately matched.

(8)   Performance across the authority against Council Plan measures is provided quarterly to the Performance Team in the Policy and Communication Service and then reported to Corporate Board within 1 month of closure of the reporting period. The report then continues to Management Board and thence into the public domain when considered by the Executive. From the time that the reporting period closes to consideration of the data by the Executive can take anything up to 2 months.

(9)   The practice of examination of quarterly performance in public is not usual in local government however the transparency that it provides to the residents of the District is welcomed.

(10)   Following examination by the Executive, the report is then considered by the Overview and Scrutiny Management Commission (OSMC). As a considerable time has by this time usually elapsed (there have been instances when the OSMC has still to consider performance reported at the end of one period when the next has already closed) there has been and continues to be a well documented and valid concern over the value added by the OSMC activity. There is scope for a revision of the role, purpose and value of the OSMC's involvement in scrutinising performance.

(11)   The national agenda for monitoring the performance of councils has moved from one based on inspection by regulators to the holding to account by the public. The Council has historically taken a very open and transparent approach to performance management however it is not clear if what is currently being provided is actually useful or meaningful to the public.

7.   Suggested actions for the Executive

7.1   The suggested actions (recommendations) for the Executive are outlined below.

(1)   The Performance, Research and Consultation Manager should critically review the number and relevance of measures in place to evaluate progress against the aims of the Council Plan. Measures should be meaningful and appropriately SMART (Specific, Measurable, Agreed, Realistic and Timebound).

(2)   In order to ensure the appropriate shaping, involvement and ownership of the Council Plan, the Performance, Research and Consultation Manager should ensure that the Plan's production plan timeline explicitly includes Executive Members at an early stage.

(3)   In developing the project plan for the production of the Council Plan and in carrying out its annual updates, the Performance, Research and Consultation Manager should ensure that opportunity is given to members of the Overview and Scrutiny Management Commission for objective challenge of the relevance of any measures and targets set within it, prior to the Plan's final approval.

(4)   To enable the measurement of progress over time and comparison between years, the Chief Executive should ensure where possible that measures included in the Council Plan are consistent between annual updates.

(5)   Working with the Chief Accountant, the Performance, Research and Consultation Manager should articulate and establish an integrated budget setting and priority identification (Council Plan) process.

(6)   The Corporate Director – Environment, as the Chairman of the Excellent Performance Management Group, should strengthen the

links between the processes for the development of the Council Plan and Service Plans. The objective should be to ensure that actions to achieve the aims of the former are appropriately identified and resourced in the latter.

(7)   The Chairman of the Overview and Scrutiny Management Commission should move the focus of the Commission's activity for performance management from the review of performance at the closure of the reporting period to the assessment of the impact of any measures taken to address indicators reported as red or amber. This re-positioning should also allow a forward look at anticipated performance.

(8)   The Performance, Research and Consultation Manager should continue the principle of presenting quarterly performance information into the public domain at the same frequency as present. The precise content of what is reported will be dependent on the future structure of the Council Plan and should be informed by national and pan-local government guidance and best practice.

8.   Recommendation for the Overview and Scrutiny Management Commission

8.1   It is recommended that the Members of the Commission agree the suggestions outlined in section 7 for the Executive's consideration.

Appendices

Appendix A – Minutes of the task group meeting of 16 September 2010
Appendix B – Minutes of the task group meeting of 30 September 2010

OVERVIEW AND SCRUTINY MANAGEMENT COMMISSION TASK GROUP

PERFORMANCE MANAGEMENT FRAMEWORK

MINUTES
16 September 2010

Present: Councillor Irene Neill (Chairman), Councillor Gwen Mason, Councillor Quentin Webb, Jason Teal (Performance, Research and Consultation Manager), David Lowe (Scrutiny and Partnerships Manager), Stephen Chard (Policy Officer)

Apologies: None

1.   Election of Chairman

Councillor Irene Neill was nominated and elected as Chairman of the Task Group.

2.   Agreement of the Terms of Reference

The Task Group agreed that the Terms of Reference should be slightly amended, as follows:

(1)   To look at the current framework, which was to be reviewed as part of the Council Plan refresh, and identify ways to make a closer link between the Council Plan and Service Plans.

(2)   To consider ways to meet the agenda for greater openness and transparency. WBC already published quarterly performance reports, which was not the case elsewhere, but there was still a need to look at the usefulness of the information provided so it made sense to people in the community.

(3)   To assess Scrutiny's role in monitoring progress at an operational and strategic level.

3.   Background briefing

Jason Teal opened this item by making the following points about the purpose of performance monitoring:

- Knowing what we are trying to achieve
- Achieving it effectively
- Knowing that we are achieving it effectively, and
- Looking at how we might do it better

The number of National Indicators (NIs) had reduced over time to 150. This was

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likely to reduce further. An important difference between the old Best Value Performance Indicators (BVPIs) and the NIs was the increased focus on outcomes, including perception, although this was harder to measure. Whilst this was also the aim of the new Government, many indicators had been removed.

It was likely that the Government would retain a core dataset so that performance could be compared between local authorities, although this was yet to be confirmed.

34 NIs had been identified by Heads of Service to be included in the LAA, with accompanying action. In addition, other NIs and some locally set indicators were included in the Council Plan giving a total of 45 targeted indicators that were directly in the sphere of the Council's activity. Performance was still monitored on the remaining NIs.

The Council Plan had a total of 16 themes, each theme had a number of aims, objectives and measures and these measures and the resulting activity should be captured within service plans. Activity relating to themes should ideally continue down to team plans and to individuals. However there were some disconnects between the Council Plan and service plans, and the process described generally started at service plan rather then Council Plan level.

Service areas reported operational performance back up to their Directorates and performance on Council Plan measures was reported to the Executive via the Performance team.

Work had commenced with the Executive to set aims, objectives and measures for the coming year. They would be based on either national or local requirements and should then be included in service plans to help inform actual activity.

Funding availability was often considered separately and in advance of setting measures. This could limit activity and influence measures.

WBC identified and fed priorities etc to the West Berkshire Partnership.

4. Methodology for the review

The Task Group discussed how it should conduct its work and a number of suggestions were made as follows:

- The cohesion between Council and service plans needed to be improved across the policy framework, this included where strategic and operational measures were captured and how service plan activity was reported and linked to the Council Plan. Looking at a sample of service plans was a suggested approach to this, both those that had activities that were, in the main, under the Council's control and those that had more external input.

- Examining whether the current focus and structure was correct. Potentially looking at themes and their aims for 2010/11 to support this.

- Some analysis of red and amber indicators reported at year end could help

to identify some disconnects and help the task group's considerations.

There was agreement that Officers would put together a methodology and documentation for the review based on the points raised and present this at the next meeting.

5.   Future meeting dates

Thursday 30 September, 2-4pm, Members Boardroom

Tuesday 5 October, 4-6pm, Members Boardroom

Members agreed to give consideration to what information would be of benefit and interest to members of the public.

OVERVIEW AND SCRUTINY MANAGEMENT COMMISSION TASK GROUP

PERFORMANCE MANAGEMENT FRAMEWORK

MINUTES
30 September 2010

Present: Councillor Irene Neill (Chairman), Councillor Gwen Mason, Councillor Quentin Webb, Jason Teal (Performance, Research and Consultation Manager), David Lowe (Scrutiny and Partnerships Manager), Stephen Chard (Policy Officer)

Apologies: None

6.   Minutes of 16 September and matters arising

The minutes of the meeting held on 16 September 2010 were approved as a true and correct record.

7.   Reporting timeframes

The purpose of the item was to understand the correlation between the separate processes of agreeing the Council Plan and budget timetables. The key milestones for the Council Plan process were as follows:

- November - detailed work was conducted by theme leads (generally a Head of Service) to review their respective themes.
- December - the Excellent Performance Management Group (EPMG) undertook an exercise to assess how SMART (Specific, Measurable, Agreed, Realistic, Time-bound) the performance indicators (PIs) were.
- January –approval of Portfolio Holders and Directorate Senior Management Teams (SMTs). Indicative targets would be provided at this stage but would not be finalised until year end outturns were available in May.
- March – formal approval by Executive.
- May – targets finally approved based on year end outturns.

The involvement of Portfolio Holders was discussed. There was some assumption that they would be kept informed, at the very least via regular briefing meetings. Members felt that Portfolio Holders should be involved at an early stage (certainly from November) to raise awareness and encourage greater ownership.

The EPMG did not participate in the formation of Service Plans due to the number involved. It was therefore down to respective performance managers to assess their own measures, which were finally approved by the Corporate Director and Portfolio Holder in May/June. This should ideally follow the approval of Council Plan targets and the budget. Members felt there was some scope to investigate whether the timeframe and process for service plans could be more robust and

more closely aligned with the Council Plan.

The linkages to the budget were then discussed and what the driver should be for the process. I.e. the setting of priorities/targets or the budget. The key milestones for the approval of the Council's budget for 2011/12 were as follows:

- December – indicative budgets with Heads of Service.
- February – approval of the Council's budget.

A comparison of the dates suggested to Members that the setting of the budget came first, although preparation work was conducted well advance of the above dates. However, it was difficult to determine whether the budget should drive the Council Plan's priorities or vice versa. The way in which the budget was set was a consideration as part of this, i.e. was it set based on historical allocations or on priorities. Members referred to recent budget discussions which were required as a result of in-year government cuts. The Council's priorities focussed these discussions.

Jason Teal advised that these discussions had yet to have any bearing on the formation of the new Corporate Strategy. This was proposed to be amended to include priorities only, rather than detailing a wide range of Council activity. At this stage in the process, seven aims/objectives had been proposed to Members and feedback was awaited.

Consideration was then given as to whether it was Members or Officers who led the process of agreeing Council Plan aims and targets. Members were felt to be closely involved with the original setting of Council Plan Themes, but less so when the aims and targets were annually refreshed. This should be improved upon.

It was noted that this year's process was about forming the new Corporate Strategy and therefore went wider than an annual refresh.

8.   Council Plan aims against measures/key activities

The task group went through some of 2010/11 Council Plan aims and the indicators/measures in place to try and achieve them.

There was a need to ensure that the aims were correct and following that the measures to achieve them. This was the exercise undertaken by the performance managers on EPMG.

It was noted that some aims were very difficult to measure. However, they could still remain as an aim of the Council and efforts to achieve them undertaken via a specific activity or project with milestones attached. Members felt there was a need to record the activities and measures in more detail than was currently the case in the Council Plan. This was captured in service plans.

Monitoring of the PIs was undertaken by scrutiny on a quarterly basis to assess whether aims were being achieved. However, the PIs did not always line up with the aims and therefore this report did not necessarily capture the Corporate Strategy. The quarterly report was the publicly available document, but it was felt that the additional detail contained in service plans would make more sense to the

public.

Members were of the view that there were some disconnects between the aims and the measures to achieve them. This thread needed to be clearly established.

The influence that various inspection regimes had on the Council Plan was queried. Jason Teal advised that comments from inspectors related to whether the document was fit for purpose and whether the achievement of aims were adequately evidenced, rather than on actual content.

9.   Council Plan aims against Service Unit Plans

This paper detailed that, in all but one instance, Council Plan aims were explicitly referenced in one or more service plans.

Members were pleased to note this was the case and raised the importance of this continuing in future.

There was also agreement with the recommendation in the report that the one remaining aim should be captured in relevant service plans.

10.   Publicly available performance information/information to OSMC

The format and content of publicly available performance reports needed to be considered in line with a requirement for greater openness and transparency, without allowing this to affect the robustness of the target setting process. Frequency of reporting was another factor for consideration.

The task group felt that information made available to the public should demonstrate actual activity to make it more meaningful. However, this could make for an overly long document.

There was a need to establish how scrutiny could add value and the following was suggested:

- In assessing the extent to which targets were appropriately set, the OSMC could identify by how much an indicator had previously been achieved to help understand whether the target was sufficiently challenging. This should form part of an activity to assess whether the Council's aims, targets etc were fit for purpose for the coming year.

- There should be a focus on resolving issues raised by performance monitoring. However, performance reports could not be presented to the OSMC until they had been made public at the Executive. This time delay meant the OSMC could have little influence in helping to address issues at such a late stage, when remedial action was already in place. OSMC Members already had the opportunity to raise any points at this stage at the Executive.

Jason Teal explained that the performance report was actually produced within a very short timescale, reaching Corporate Board within a month of the end of the

previous quarter. This was when issues began to be identified and ways to resolve them discussed. This also gave an opportunity for issues to be raised with Portfolio Holders.

There was a view among Members that for scrutiny to add value to the process and help resolve issues, they should be involved at this earlier stage. A detailed explanation should be provided to the OSMC of the reasons why an indicator was reported red, with the relevant Officer and Portfolio Holder in attendance to discuss ways to improve performance.

11. Future meeting dates and activity

Tuesday 5 October, 4-6pm, Members Boardroom

It was agreed that draft findings would be presented at the next meeting based on the discussions held. This would help to inform any recommendations for the OSMC's consideration.

It was also agreed that clarity should be included in the final report on the actual number of targets owned by the Council, as opposed to nationally set indicators and those within the control of partner organisations. This would show that there was only discretion in removing some of the indicators and this would depend on whether they still contributed to meeting the Council's aims.