

Report of Chief Officer (Intelligence and Improvement)

Report to Corporate Governance and Audit Committee

Date: 23rd January 2012

Subject: Performance Management Update

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The performance reporting process has been significantly overhauled to take account of the new plans signed off in July 2011. A number of improvements have been implemented most notably the joint analysis and reporting of risk and performance information and better linkages to the appraisal processes. These arrangements have also been documented into a formal Performance Management Framework which is currently in draft and this is brought to Committee for their consideration and feedback.
2. At Quarter 2 the first set of performance reports and scorecards were produced to the new system and taken through the quarterly process. Overall compliance with the reporting arrangements and processes has been good and feedback from those who have received and discussed the information has been very positive. However there is still some work to do in a number of areas:
 - ensuring that the information is of high quality, written in plain English with jargon kept to a minimum.
 - ensuring partnership performance reports are better owned and debated by the five Strategic Partnership Boards.
 - chasing the small amount of missing information – largely relating to new performance indicators for quarter three.

Recommendations

3. It is recommended that the Committee:
 - provide feedback on the draft Performance Management Framework prior to it being finalised.
 - continue to monitor the implementation of these arrangements through the submission of an annual risk and performance report in the summer after the year

end reporting has been completed. Within this annual report a more detailed assurance statement will be provided which will give an update on the implementation of the learning points from quarter 2 and can be used to inform the Annual Governance Statement.

1 Purpose of this report

- 1.1 This report is to provide an update to the committee on the Council's arrangements for performance management; specifically how those arrangements are contributing to achieving each of the Cross Council Priorities. The Performance Management arrangements for the Council and city have been significantly overhauled to take account of the new set of plans signed off in July 2011 and over 2011/12 they are in the process being implemented.
- 1.2 The new arrangements are set out in the Performance Management Framework but this remains in draft to enable improvements to be identified and implemented over this first year of operation. Feedback is also sought from the Committee on the robustness of these arrangements prior to the framework being finalised.

2 Background information

- 2.1 A new set of strategic plans for the Council and the city were adopted in July 2011 and this report sets out the performance reporting arrangements that have been agreed and adopted to monitor the progress in delivery of these plans. The plans and performance management arrangements that form the basis of this report have been developed alongside a new planning framework and revised partnership structures for the city in a whole system approach. Members will note that the delivery of City Priority Plan priorities are shared with partners across the city while the Council Business Plan sets out the Council's contribution to these shared priorities.
 - **City Priority Plan (CPP) 2011 to 2015** – this is the new city-wide partnership plan which identifies the key outcomes and priorities to be delivered by the council and its partners over the next 4 years. It is owned and is performance managed by the new strategic partnership boards. The plan has been restricted to a small set of outcomes and priorities that represent the absolute “must do’s” for each of the partnerships in delivering the first phase of the Vision. Some boards may also choose to produce a fuller plan that covers all aspects of their work eg Children and Young People’s Plan 2011-15.
 - **Council Business Plan 2011 to 2015** – this is the strategic plan for the council and includes our own priorities alongside our main contributions to the delivery of the city priorities. It has two main elements - a small number of cross council priorities and a set of directorate priorities. The cross council priorities are aligned to the council’s new values. The directorate element of the plan is aligned to the Director’s own personal appraisal objectives on which their progress will be regularly assessed.

3 Main issues

- 3.1 The new performance arrangements were developed jointly by the corporate performance team alongside performance teams in directorates, the corporate risk management unit and performance colleagues in key partners most notably Safer

Leeds and NHS Leeds (now NHS Leeds, Bradford and Airedale). This piece of work went back to basics and looked at roles and responsibilities for key individuals and boards and sought to make sure that the new arrangements enabled them to fulfil their roles. These arrangements have also been documented into a formal performance management framework for the first time which is attached in appendix 1a and the information flow is summarised in the diagram at appendix 1b. This framework is still draft and it is brought to the Committee for their views and feedback.

3.2 A number of drivers for change were central to the development these new arrangements:

- the development and sign off of the new plans.
- implementation of Outcomes Based Accountability and using this to improve our accountability arrangements in the city.
- a direct request from CLT to report risk and performance jointly to them in order to make the best use of both sets of data and to minimise duplication. This joint report is underpinned by an analysis of the risk and performance information which enables a more rounded picture to be presented. With the risk information bringing a more forward looking perspective to add to the more backward looking performance information.

Outcomes Based Accountability

3.3 An integral part of the new framework is to secure improved accountability particularly across the partnerships. Outcome Based Accountability (OBA) offers an alternative way of looking at things that can help us to make these arrangements more effective. It is particularly helpful to partnership working and is a way of achieving accountability which recognises that changing outcomes for a complex and diverse city such as ours is difficult and cannot be the responsibility of one single organisation. It can only be done through effective partnership working. At the heart of OBA is an important distinction between accountability for the performance of services or programmes on the one hand, and accountability for outcomes for a particular population on the other:

- **Population Accountability** – this is about delivering outcomes for whole populations; like all children in Leeds, all older people in Harehills or all residents of Otley. This is not the responsibility of any one organisation or programme. For example if we think about the outcome that “all children in Leeds are healthy”. Who is accountable for delivering this outcome? Perhaps the obvious answer is the health service but we know that they cannot improve health for all children without the active participation of many other partners like schools, parents, youth services, parks and countryside etc. That is the nature of population accountability – it cannot be the responsibility of one agency and they cannot be held to account for it. Effective partnership working is necessary to make progress on these quality of life outcomes for a whole population.
- **Performance Accountability** this is about individual organisations e.g. the Council or the Police. It’s about the programmes and services they provide, and their role in managing these services to make sure that they are working as well as possible. However, these services can only be held accountable for the difference they make to the wellbeing of their specific clients or service users. OBA requires an equally robust approach to managing service provision by

measuring appropriate performance measures for all agencies, projects and programmes. These programmes will clearly make an contribution to the delivery of whole population outcomes and indicators.

Implementation of Outcomes Based Accountability

- 3.4 In terms of practical implementation of OBA the Vision and City Priority Plan are all about *population accountability* and set out the outcomes, priorities and indicators for the city which are shared with our partners. The accountability arrangements for this plan are therefore focused on the partnership board and their collective accountability for delivery.
- 3.5 The Council Business Plan is about *performance accountability* and sets out the Council's contribution to the city wide outcomes. These accountability arrangements are focused on the Council's own performance and the directors individual accountability.

Key Changes

- 3.6 Key changes/improvements embedded into the new arrangements are:
- **Partnership Performance Management:** transferring responsibility for performance management of the outcomes and indicators within the City Priority Plans to the strategic partnership boards – including assigning an overall progress rating based on the collective view of key partners.
 - **Introduction of performance reports:** these present a single page (2 sides) quarterly update bringing together high-level progress for each of the priorities (21 in total) in the City Priority Plans. They include indicator results, analysis of trends, actions delivered and those planned. This same format is also used to provide updates for the 5 cross-council priorities from the Council Business Plan with the Best Council Board agreeing an overall progress rating. This provides clear consistent and succinct reporting to Members, the Leeds Initiative Board and the public. An example of a performance report for a City Priority and a Cross Council Priority are provided in appendix 2a and b. These have replaced the action trackers.
 - **Introduction of a Directorate Scorecard:** this is produced quarterly and brings together a complete set of information at a high level for each directorate. For each directorate priority in the Business Plan a short summary paragraph is provided with an overall traffic light rating. The scorecard also includes key performance indicators – again with traffic light ratings. In addition directors are also given the opportunity to nominate any other performance challenges/concerns from their area in a self assessment section. These are published on the internet to provide an update to staff, members and the public as well as circulated to Executive Members for them to discuss with their directors. An example of a Directorate Scorecard is provided in appendix 2c.
 - **Joint analysis:** the Council's corporate risk management and performance management teams jointly review their information on a quarterly basis. This joint analysis is then discussed at a joint meeting of the Corporate Risk Management Group and Corporate Performance Board where it is reviewed and challenged. Out of this discussion it is agreed what the key issues are that are then highlighted in the cover report to CLT and Executive Members alongside the more detailed risk and performance information. These same issues, but

without the detailed risk information, are also taken to Executive Board and Scrutiny.

Supporting arrangements and links to other processes

- 3.7 These corporate performance management arrangements are supported by a range of other process and arrangements:
- **Performance Snapshot** – the corporate performance team continue to produce a quarterly snapshot as previously reported to the Board. This brings together a broader range of information, but includes all of the performance information reported corporately, and is broken down by Director and Chief Officer. This is used by the Chief Executive in his appraisals with Directors. As a supplement to this the corporate performance team also provide a list of questions/issues for these discussions.
 - **State of the City Report** – the corporate performance management arrangements are deliberately focused on the small number of strategic priorities which means that there is a risk of performance surprises. This risk is mitigated by the annual State of City Report which draws upon a much wider set of data and performance indicators and, therefore, provides a check that there are no performance surprises. The first report was recently launched at a Council meeting to which a range of partners were also invited. The State of the City report will also inform an analysis of the cross-cutting issues such as child poverty or health inequalities which will then be used by the LI Board to challenge the 5 Strategic Partnership Boards. It will also provide some evidence to support or challenge whether the city priorities are still the right ones for the city.
 - **Directorate Performance Management** – in addition to the corporate level processes there are also complementary arrangements within each directorate to review and discuss performance. As part of this the directorate management teams also discuss and approve their information before it is submitted corporately.
 - **Appraisals** – Appraisals are a cross council priority and a significant amount of work is underway to develop and improve these. This includes a review of appraisal forms to better embed performance management and the values, implementation of a new system to track appraisals and personal development plans and introduction of a quality assurance process. The corporate performance team is working with colleagues in HR to ensure that the corporate performance information is used to inform senior officers appraisals as well as embedding OBA into appraisal processes. This will in turn support the development of a performance culture across the organisation.

Next Steps

- 3.8 Members will note that the performance management framework is currently in draft. This is to allow for the experience and feedback from a couple of cycles of reporting to be gathered and to enable changes and improvements before finalising these arrangements. It is anticipated that this will be finalised for the beginning of 2012-13. Similarly the joint meeting of the Corporate Risk Management Group and Corporate Performance Board was agreed to be reviewed at the end of the financial year to make sure that is effective. At the current time the first cycle of reporting has been completed (ie Q2 2011/12) and a number key learning points have been identified and are in the process of being addressed including:

- **Partnership Sign Off** - timing issues at Q2 meant that the performance reports for the City Priority Plans were not signed off collectively at partnership boards in all cases at quarter two - although they were signed off by key stakeholders as appropriate. Work is on-going with the Leeds Initiative to align meeting schedules with the performance timetable or to develop alternative arrangements to secure partner sign off.
- **Quality and completeness** – at Q2 the performance reports did not always meet the requirements to be written in plain English and be jargon free. Some of the performance indicator information was also not available – largely for new indicators. Directorates were asked within the “self assessment” section to put forward any other performance issues/challenges to be flagged up to CLT/Members. This recognises that not all services are covered by a priority and/or indicator and there are also enabling projects and programmes that may have an impact on several priorities. Initially, there was little put forward in this section even though the joint analysis with risk information suggested that there might be some issues that should have been included. The corporate performance team and colleagues in directorates have discussed this and will continue to provide feedback and challenge.

3.9 As part of the restructure of Customer Access and Performance the corporate performance management team have been aligned to the corporate research and intelligence function which will enable closer working and links to intelligence products like the Joint Strategic Needs Assessment, State of the City report, Leeds Observatory and Neighbourhood Index. This better linking and triangulation of different data sources will further strengthen the performance management processes.

Risks & Challenges

3.10 There are a number of potential risks and challenges arising from this approach including:

- The streamlined and priority focused reporting does give an increased risk of performance surprises but these are mitigated through the joint analysis of risk and performance information which bring a more forward looking view. It is also mitigated by other reporting processes which bring together a much broader range of information eg State of the City.
- The Strategic Partnerships Boards will need to allow sufficient time on their agendas to discuss risk and performance issues. The participants will need to challenge each other and be open to challenge so that a full and frank discussion of performance is allowed which is action focused. The partnership delivery approach also relies on partners going back to their own organisations and undertaking the agreed actions and implicit in this is that the right person attends the board and is empowered to take action. In mitigation the Leeds Initiative Board has agreed that it has a role as the forum for raising and resolving performance issues that cannot be addressed within individual Strategic Partnership Boards or for escalating issues that are stuck. Related to this they also have a role to challenge progress and ensure the commitment of key partners. The Corporate Performance Team, working with colleagues in Leeds initiative and partner performance teams, will use this route to raise issues as they arise. In addition each Director has an individual priority to “create the environment for partnership working” and “ensure the delivery of the

relevant City Priority Plan” and as necessary this is discussed in CLT or other forums as well as being challenged by the Chief Executive in individual Director appraisals.

- There is an important behavioural and cultural element to the successful adoption of these revised accountability arrangements. The performance reports need to be an open and honest self-assessment of progress and highlight both good and poor performance. This is mitigated by the implementation of the new values which will also form part of the appraisal process for senior management going forward.
- The removal of the National Indicator Set has limited the ability of the Council to easily benchmark performance information. Some information is collated and published by government from the data returns that local authorities are still required to make. Department of Communities and Local Government are considered ways to make a standard set of comparable data available to the public. The Local Government Association is developing a system of self-regulation for the sector through a programme called “freedom to lead”. This will include tools for benchmarking as well as peer review and an early warning system to identify failing councils. This work has the potential to mitigate a number of these risks and the corporate performance team continues to monitor progress.
- A range of cross cutting issues have been identified that cut across the work of two or more boards this includes tackling health inequalities, child poverty and the broader poverty/inequalities that exist across the city. The Leeds Initiative Board has a specific role to track and challenge progress and have commissioned a piece of work to look at this. This is focusing on what reporting arrangements are needed in order to track progress in these cross cutting areas and capture the contributions of each strategic partnership board effectively without creating separate and potentially bureaucratic processes. Proposals are scheduled to be brought to the Leeds Initiative Board in February. However, the recent State of the City report and Joint Strategic Needs Assessment do provide a significant amount of information and analysis in this area.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 As already identified the new performance arrangements were developed jointly by the corporate performance team alongside performance teams in directorates, the corporate risk management unit and performance colleagues in key partners most notably Safer Leeds and the NHS Leeds (prior to restructure). These arrangements were discussed and agreed by CLT and the Leeds Initiative Board in July 2011. Feedback will also be taken to each Strategic Partnership Board.
- 4.1.2 As part of the overall consultation process the Committee are also asked for their views on their draft arrangements.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Whilst some of the performance reports did include an update on the significant issues for the delivery of the priority from an equality perspective many did not. This is an issue that will be given further consideration through the work

commissioned by the Leeds Initiative Board in order for them to monitor the cross cutting issue of poverty and inequality that runs through many of the CPP priorities. There is also work underway with those who support the 5 strategic partnership boards, both Leeds Initiative staff and officers in directorates, to ensure this is challenged.

4.3 Council Policies and City Priorities

4.3.1 This report provides an update on the arrangements for reporting performance and progress in delivering the council and city priorities.

4.4 Resources and Value for Money

4.4.1 There are no specific resource implications from these new arrangements as they replace similar processes. The new arrangements do seek to make our processes more efficient with joint risk and performance reporting and more effective analysis.

4.5 Legal Implications, Access to Information and Call In

4.5.1 All performance information is publically available and is published on the council and Leeds Initiative websites.

4.6 Risk Management

4.6.1 The performance reports themselves include an update of the key risks and challenges for each of the priorities. This is supported by the comprehensive risk management process in the Council to monitor and manage key risks. CLT and Executive Members have also reviewed the corporate risk register alongside the performance information as part of the new joint process.

4.6.2 The key risks and challenges arising from the new process itself are set out in section 3.10 above.

5 Conclusions

5.1 The performance reporting arrangements has been significantly overhauled to take account of the new plans signed off in July 2011. At Quarter 2 the first set of performance reports and scorecards were produced and taken through the quarterly process. Overall the performance reports and directorate scorecards were a clear and simple summary of performance and CLT, Executive Members and some Scrutiny members have welcomed the new format and found the reports easy to understand and use. In particular the joining up of performance and risk information has been successful and means that the most important issues are highlighted to senior officers and Members for decision making and action. The corporate performance process has also been much better aligned with appraisals with further work planned.

5.2 There is still some work to do to ensure that the information is of high quality, written in plain English with jargon kept to a minimum. In terms of City Priority Plan performance reports these also need to be owned and debated by the five Strategic Partnership Boards and include more information from across the partnership. Some of the performance information was also incomplete and will be chased for

quarter three. However, overall compliance with the new reporting arrangements and processes has been good.

6 Recommendations

6.1 It is recommended that the Committee:

- provide feedback on the draft Performance Management Framework prior to it being finalised.
- continue to monitor the implementation of these arrangements through the submission of an annual risk and performance report in the summer after the year end reporting has been completed. Within this annual report a more detailed assurance statement will be provided which will give an update on the implementation of the learning points from quarter 2 and can be used to inform the Annual Governance Statement.

7 Background documents

- City Priority Plan 2011-15
- Council Business Plan 2011-15
- Council and City Performance Management Framework (Draft)