Managing performance

Learning from comprehensive performance assessment: briefing 5
The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local and national services for the public. Our work covers local government, housing, health and criminal justice services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we monitor spending to ensure public services are good value for money.

To deliver the services and achieve the outcomes our communities want and need, we have to change and improve what we do. To understand what changes to make and where improvement is needed, we have to be good at managing performance.

Improvement and Development Agency (IDeA) Knowledge website

The Audit Commission is publishing a series of ‘Learning from CPA briefings’ to accompany the national report Patterns for Improvement: Learning from Comprehensive Performance Assessment to Achieve Better Public Services (April 2003). Each briefing examines a key driver for improvement identified by the first round of CPA for single tier and county councils in 2002, describes the critical success factors for improvement, and signposts sources of help and advice. As each of the briefings are published they will be made available on the Commission’s website at www.audit-commission.gov.uk/cpa/analysis.asp

Introduction

1. The first round of comprehensive performance assessments (CPAs) for single tier and county councils identified performance management as a key driver for improvement. The purpose of this briefing is to:

- explain the difference that good performance management makes;
- give some of the headline messages and findings from corporate assessments;
- describe some critical success factors that result in improved management of performance;
- identify notable practice where good management of performance is leading to improved services;
- outline future Commission work in this area; and
- suggest sources of information and advice.

2. This briefing is designed to help those who have an interest in how councils can improve their performance management. Officers and councillors, and those working with partner bodies at operational and strategic levels, will find this briefing a useful starting point.

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3. The Audit Commission’s Report, Changing Gear: Best Value Annual Statement 2001, set out a number of building blocks for achieving improvement in local authorities. One of these was having ‘the capacity and systems to deliver performance and improvement’, meaning that councils need to be able to focus on improvement and on the structures needed to deliver that improvement. This theme was picked up in more detail in the Audit Commission report, Performance Breakthroughs: Improving Performance in Public Sector Organisations. That report describes the ‘performance breakthroughs’ that have enabled many public sector organisations to overcome barriers to achieving good performance management. It looks at the behaviour and styles that lie beneath the systems and processes.
Messages from corporate assessment reports

4 As part of CPA, corporate assessments were carried out at each council by a small team, which included an auditor and inspector as well as officers and councillors from ‘peer’ councils. The outcome of the corporate assessment was a high-level report on the council’s strengths and weaknesses and a judgement about its ability to improve, which contributed to the council’s overall CPA.

5 Managing performance is about more than having an effective performance management system. The elements of performance management – targets, indicators, plans and so on – are important, but they are not enough by themselves. In councils that are good at managing their performance, the people involved – councillors and staff – have a shared understanding of the council’s priorities and of what they need to do to realise those priorities. Because people know what matters most, they can solve problems and overcome barriers quickly. They recognise that the point of managing performance is not to hit targets and fulfill plans as ends in themselves – but to do so in a way that produces high-quality services for local people.

6 Most councils already recognise the importance of performance management. Performance management was the single most common area identified by councils as a priority for improvement following CPA, with 72 per cent of councils identifying it as one of their top priorities.

Critical success factors

7 For this briefing a sample of corporate assessment reports was analysed against the ‘performance breakthroughs’ taken from the Commission’s earlier report. The aim of this was to identify the following critical success factors for managing performance:

- leading the process and equipping your staff;
- focusing on and prioritising what matters;
- running it your way; and
- learning from experience.

Success factor one – leading the process and equipping your staff

Leading the management of performance

8 Performance management must be led at all levels in a council. Grudging or lukewarm support from senior managers will sabotage the process, as will lack of ownership throughout the organisation. Performance management needs to be championed –
high-profile people must be responsible for driving it and ensuring its success. Bringing councillors on board is an important part of this process.

9 Councillors in Sheffield are provided with a good overview of council performance against a selection of indicators that reflect council priorities. This enables them to see whether the priorities they agreed are being achieved. In Islington one lead member has been given the job of leading on performance management for the administration, ensuring that targets are highlighted and met and that barriers to achieving improvement are overcome.

Enabling and supporting people to perform

10 Creating the conditions in which people can perform well can be a difficult balancing act. The organisation has to ensure that it is assisting staff by reducing bureaucracy, increasing capacity, sharpening focus and providing support in the form of training. It is important to explain to staff the part that they play in achieving the organisation’s goals, for them to own this, and to be able to measure when the goals are not being achieved. Staff need to have the freedom to deliver the council’s agenda. This can take the form of delegated powers and budgets, or performance agreements for directors and senior management that are reviewed on a regular basis, or monitoring of staff performance as a key part of the job review process. Success and achievement should be celebrated: some councils acknowledge and reward high performance from senior management level right through to frontline staff.

11 In Poole the staff appraisal system genuinely links individual staff performance to the corporate targets and priorities, and identifies their development needs to ensure that the skills base is there. In Barnet there is an effective appraisal system in place where all staff agree and are accountable for their priorities and actions for the coming year. Mid-year reviews take place and a link is made between performance and training need.

12 A separate ‘Learning from CPA’ bulletin on people management has been produced. It is available from the Commission’s website at www.audit-commission.gov.uk/cpa/analysis.asp

Ensuring that staff are on board

13 All the effort that goes into creating systems will be wasted if staff don’t want to use them. Your staff need to be on board throughout the performance management process. They need to feel that everyone is on the same side. Moving ahead without staff commitment is likely to lead to demotivation and confusion.

14 Blackburn and Darwen’s staff are actively engaged in improving services through the creation of departmental ‘diagonal slice’ teams with staff representation at all levels. These teams provide a forum for assessing how service improvement can be achieved. In Telford there are strong links between the three corporate priorities, annual service plans and individual development plans. This results in individuals understanding their roles in achieving the council’s vision and priorities.
Success factor two – focusing on and prioritising what matters

Prioritising and focusing

15 Prioritisation of a council’s workload is crucial. There are so many demands and duties that it becomes easy to lose sight of what is most important without prioritisation. Once priorities are identified it is easier to ensure that the right people get involved and to focus resources on these areas.

16 Many councils have been sidetracked from their priorities by unforeseen events and activities that are not priorities. These pitfalls can be avoided by analysing what might come up to derail priorities and then planning to prevent them or to minimise their impact. It is important to think about how to explain the rationale for downgrading or not investing in other council functions or activities.

17 Luton’s performance targets are mapped out against the main goals set out in its document, Vision 2010 and its best value performance plan. This means that the council can be clear that it and its partners are sharing priorities, and that resources are focused on the council’s priorities.

18 A separate ‘Learning from CPA’ bulletin on focus and prioritisation has been produced. It is available from the Commission’s website at www.audit-commission.gov.uk/cpa/analysis.asp

Use national agendas to your benefit

19 No council starts with a blank sheet – there are a daunting number of national priorities that need to be delivered. There is always too much to do and the scope of the challenge can be disabling. It is important to be realistic about the capacity that your organisation has to deliver both national and local priorities. The better-performing councils do not, in general, view national priorities as a burden. They translate them into a format that is meaningful locally and that helps to deliver their priorities. While achieving national targets may be difficult, they can be made relevant and compatible with local priorities.

20 Early brainstorming about how to use national priorities – and the resources that may come with them – to deliver local priorities will pay dividends later. Camden has used national neighbourhood renewal resources to focus on persistent and difficult problems to help reduce local inequalities, incorporating government targets on social inclusion along the way. In Gateshead, the council ensures that available resources are maximised by paying close attention to national priorities, exploiting new streams of money to target on their own priorities where there is a match.
Measure what matters

21 It is important that the information you collect to measure progress is relevant and that you are not just collecting the easiest available information. A large volume of information can provide a ‘comfort factor’, but it will not improve anything by itself. In poor and weak councils the performance management and measurement systems do not focus on the key priorities of the organisation, resulting in a glut of distracting information. In many cases, the information collected is of poor quality.

22 Setting the right performance measures is crucial to achieving your priorities. Derbyshire has put a lot of effort into ensuring that it collects relevant, robust and well-evidenced performance information. This has resulted in information that can be used confidently to drive improvement. While there is a need to collect national performance indicators, these need not all be tracked at the highest levels. Instead be selective; use a range of local indicators to supplement them. It will also pay dividends to break down the activities needed to achieve the improvements sought – identifying a blockage that threatens a priority early on will enable a council to clear it, removing a major risk to achieving targets.

Success factor three – running it your way

Linking the layers

23 Connecting the different systems involved can often be one of the weakest areas in performance management. Many councils have failed to link their budget planning to their best value reviews, priorities or staff performance. It is essential for councils to free up resources by shifting them away from less important work, and that they target new resources on achieving improvement. Some councils have a performance management process that works well internally, but they do not extend this to services delivered in partnership.

24 In Bath and North East Somerset the performance management system is embedded throughout the organisation, service plans have clear targets and the majority of staff have received a performance appraisal. In Tameside, corporate priorities are cascaded down into business plans and individual performance reviews, and Norfolk has ensured that its priorities are translated into corporate and service plans that allow members and managers to make informed, sometimes difficult decisions and to monitor achievements.

Designing a system to suit

25 It can be tempting to use a performance management system ‘off the peg’. However, this will not necessarily fit the organisation and it may lead to confusion by introducing unfamiliar jargon. It is better to adapt or create a process that will suit the organisation. A performance framework must make sense to the people using it. In better councils the systems used aim to give the right balance of clarity, direction and motivation in
order to ensure that all involved are committed. A good framework for managing performance helps people to understand where the organisation is heading to and the part that they have to play in this. Good performance frameworks simplify the management of performance; they do not make it more complicated.

26 Kent is adding to its already strong performance management culture by introducing a new reward and benefits package within a harmonised set of employment terms and conditions for all staff. In Surrey, ownership is increased through easy access to data via a performance information database.

Success factor four – learning from experience

Learn from others

27 Many public sector organisations are managing their performance well and the learning opportunities offered by these organisations should not be missed. Looking at best practice and case studies from elsewhere can help to focus on what is needed.

Review experience and learn

28 Ensuring that time is set aside to review the experience of managing performance will pay dividends. Evaluate what went well and what didn’t and identify the reasons for this. Change your systems to make sure that the good factors can be repeated and the bad eliminated.

29 Using the existing review systems within councils to look at how things went will reap rewards. For instance, better councils are beginning to use scrutiny to learn the lessons from service improvement. In Westminster the cabinet receives monthly performance reports that set out progress against priorities and key indicators, while non-executive councillors make their contribution through six overview and scrutiny committees.
Case study 1

Managing performance in Stockton-on-Tees

Councillors and officers in Stockton-on-Tees have developed a strong rationale for their vision and priorities. They use this to provide leadership in delivering improved performance. Members are purposeful and clear about what the council is seeking to achieve, there is effective senior management and the overall capacity of officers, supported by training and development, is a strength across the organisation. Management structures have been revised and delegation improved in order to provide a greater corporate focus and support for managing change. The culture is one of co-operation and industrial relations are good.

The council’s vision and priorities are underpinned by comprehensive plans and sound structures to ensure a continuing focus on the major issues at all levels across the council. Communication is seen as vital to retaining focus for staff, stakeholders and councillors. Progress is reported at all levels, chief officers share monthly monitoring reports with their service managers and with portfolio holders. The medium-term financial plan covers a three-year period and use of ‘headroom’ has allowed budget adjustment in response to priorities and pressures. The council has a good track record of focusing resources on its priority areas in order to meet changing demand. In Stockton, national and local priorities are thoughtfully balanced and integrated, for example, in setting the local public service agreement targets and signing up to the recent Office of the Deputy Prime Minister key commitment of ‘living at home’.

Stockton has developed a range of mechanisms to support the management of performance at all levels within the council, but it adapts them when the need arises. The current performance management systems have allowed members and managers to monitor progress on priorities but Stockton recognises that periodic review of its systems is always needed so that new external targets are incorporated consistently, with comprehensive management information aligned to priorities.

The council is eager to learn. It continually assesses what is working well, what needs to be refreshed and what needs fundamental change. It is prepared to review and reflect on good practice from others, both internally and externally. It has reviewed the democratic arrangements to address scrutiny needs, which were insufficiently robust. Members have self-reviewed and evaluated how they meet, staff at many levels visit other councils and organisations to gather experience and residents are asked to evaluate products such as Stockton News. The Council has used national initiatives to seek opportunities to learn and deliver improvement, for example, in piloting a strategic plan for education.

Source: Developed from Audit Commission corporate assessment report
Future Commission work – joint project with the IDeA

The Commission is committed to carrying out further work on performance management, measurement and information, as part of a strategic alliance forged with the IDeA. This joint project will include:

- developing a diagnostic tool to identify how performance management is working in organisations and how it can be developed to drive improvement in services;
- a programme of action learning events where the Commission and the IDeA will share current knowledge and stimulate delegates’ local action planning; and
- specific work with councils on a range of performance management issues, including the role of scrutiny and people and pay issues.

Sources of information and advice

The following list provides sources of further information and advice.

Audit Commission publications
(available from freephone 0800 50 20 30 or www.audit-commission.gov.uk)

Audit Commission, Change Here! Managing Change to Improve Local Services, Audit Commission, 2001.
Audit Commission, Patterns for Improvement – Learning from Comprehensive Performance Assessment to Achieve Better Public Services, Audit Commission 2003.
Other resources

Local Government Association: case studies of councils that are getting to grips with performance management, www.lga.gov.uk

Improvement and Development agency: many case studies on performance management, advice and information on how to improve and practical help on boosting performance: www.idea-knowledge.gov.uk