

OVERVIEW & SCRUTINY BOARD

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Overview of Middlesbrough's performance management framework and the impact from changes to the national performance management framework

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PURPOSE OF REPORT

1. To provide OSB:
 - with a brief overview of the Council's approach to performance management;
 - with an outline of how national changes have impacted upon local arrangements; and
 - with an outline of further likely changes to the local framework.

OVERVIEW OF THE COUNCIL'S APPROACH TO PERFORMANCE MANAGEMENT

2. Performance Management is about practical ways of improving how things are done in order to ensure the delivery of better quality services to the local community. Although performance management requires systems of measurement, target setting and review to be put in place, its successful operation also requires a number of other "softer" elements to be present. They include management and political commitment, clear priorities, good communication and the input of a wide range of stakeholders involved in the planning and delivery of services. The ultimate measure of an effective performance management system is whether it can be demonstrated to have actually improved performance.
3. Middlesbrough Council has established a minimum standard approach; this is focused on ensuring that the components of good performance management are in place across the Council and all services, without being prescriptive about the precise details. This approach seeks to recognise the differing circumstances, which apply between services in relation to, for example, size and composition of workforce, extent and type of national regulation, organisational structure and type of services provided. These and other characteristics, vary very considerably between services and argue

against a “one size fits all” approach to the detailed design of service performance management systems and processes.

4. However, if performance is to be successfully managed in order to achieve improvements, there are certain elements, which must be present in some form. A minimum standard identifies these, in order to allow services to evaluate and where necessary improve their existing systems. The key elements of a successful performance management framework are:
 - Planning (including setting targets)
 - Monitoring
 - Evaluation.

Key elements of the framework

5. This section briefly describes Middlesbrough’s approach to the three elements of performance management.
6. **Planning** – Middlesbrough’s and the Council’s priorities are based on significant stakeholder involvement including:
 - LSP consultation and events;
 - stakeholder events;
 - National Priorities;
 - local views from a variety of sources e.g. Middlesbrough Neighbourhood Survey, complaints, feedback forms, customer satisfaction surveys, BVPI surveys etc;
 - specific consultation with hard to reach groups; and
 - partners’ views, and information / analysis from partners e.g. Joint Strategic Needs Analysis, Community Safety Self Assessment etc.
7. The priorities for Middlesbrough, which are shared with partners across the town are set out in the:
 - Local Area Agreement 2008 – 2011; and
 - the draft Sustainable Community Strategy.
8. Middlesbrough Council’s contribution to the shared priorities is set out in the Strategic Plan 2008/09 - 2011/12, the detail regarding how the shared priorities will be delivered is contained within departmental service plans. Additional details on specific contributory actions are contained in team level plans. Individual officers’ personal targets are linked back to supporting the Council’s priorities. External auditors often refer to the links mentioned above as the ‘Golden Thread’.
9. **Monitoring** – Middlesbrough Council’s actions to deliver the Strategic Priorities are set out in the Strategic Plan and are called ‘Planned Actions’. These contribute to the delivery of the shared priorities, LAA targets and National Indicators. The Council has retained some BVPIs. The Strategic Plan also contains details of the strategic risks that may prevent delivery of priorities.

10. The Council monitors its performance, against the Planned Actions, LAAs, NI and BVPIs and actions in place to mitigate strategic risks on a quarterly basis. This is via performance clinics, which are chaired by the Chief Executive who holds the Director of each department to account for the department's performance. The information for the departments is drawn together into a consolidated performance report, which is taken to CMT, Scrutiny and Executive.
11. The Council also monitors its budget on a quarterly basis at budget clinics in which the Director of Strategic Resources holds the Director of each department to account. The information for the departments is drawn together into a consolidated budget report, which is taken to CMT, Scrutiny and Executive.
12. Twice per year integrated performance and budget clinics are held; these are at the end of the first and second quarters. This enables intervention in any areas of under performance, in time to influence year-end performance. These clinics are chaired by the Deputy Mayor and supported by the Executive Member for Resources. The relevant portfolio holder and Director are held to account for the department's performance and budget.
13. The purpose of monitoring is to identify any areas of underperformance and ensure actions are put in place to address these, in time to make a difference to the end of year result.
14. **Evaluation** – Evaluation is an ongoing process; however, at the end of the third quarter the Council begins to formally assess what has been achieved to date and also what still needs to be achieved. The outcome of this evaluation is included in the annual update to the Strategic Plan and also feeds into the priority and budget setting process for the next financial year. Evaluation looks at information from in-year monitoring but evaluates whether or not the actions delivered have contributed to delivering the priorities and identifies what further actions are needed.

THE IMPACT OF NATIONAL PERFORMANCE FRAMEWORK CHANGES ON MBC

15. Middlesbrough Council's performance management framework was developed to suit local needs but the national performance management framework influences it. Middlesbrough's framework incorporates both local and national monitoring requirements.

The national framework

16. In 2002 the Audit Commission introduced a national performance management framework called Comprehensive Performance Assessment (CPA) in which the performance of all councils was scored and ranked. Middlesbrough has consistently been a top-performing council under this framework and is currently rated by the Audit Commission as an "Improving Strongly" 4-star council; this is the highest score possible, there are only a small number of councils nationally with this level of performance. A key element of this framework was the suite of Best Value Performance Indicators (BVPI). BVPIs were replaced with a new set of National Indicators, which came into effect on the 1st April 2008. 2008 is the last year of CPA and from the 1st April 2009 CPA will be replaced by Comprehensive Area Assessment (CAA).

17. It is unclear exactly how (CAA) will work in practice, it has been described as less burdensome; however, the information released to date suggests that it will place more, not less, work on councils.
18. Central to the new framework is the Local Area Agreement and the new set of National Indicators. The key elements of CAA are:
 - Assessment against delivery of the Local Area Agreement
 - Performance in the National Indicators (all 198 indicators)
 - Information on performance from a wide range of sources for example Ofsted, the new Social Care Inspectorate, Probation, Adult Education, Police, Health etc.
19. The Audit Commission will draw together information from the above sources and produce two assessments each year:
20. **Area Assessment** – this will be an assessment of how all partners are working together across the area to deliver the shared priorities. It will have green and red flags to identify areas of good performance and areas of concern.
21. **Organisational Assessment** – this will be an assessment of how well the Council has contributed to delivering the shared priorities and fulfilled its role as community leader.

Impact on Middlesbrough

22. The impact of the above change in national performance framework is in relation to the LAA and the NIs:
 - **LAA** – Middlesbrough was in the last round of authorities to develop a LAA under the old guidance; this meant that even though Middlesbrough's LAA was developed for three years from 1st April 2007, it had to be revised and a new style LAA developed to cover three years from 1st April 2008. The changes between the old and new style LAAs are significant. In particular the new style LAA only contains 35 designated targets, 16 statutory early years and attainment targets and a small number of local targets. National monitoring of the new style LAA focuses on the 35 + 16 designated and statutory targets only. The 35 + 16 targets are part of the larger set of 198 National Indicators.
 - **National Indicators** – the new set of NIs are outcome focused, cross-cutting and often relate to areas in which the Council is not the lead public sector organisation either for delivery of actions to achieve the target or for producing the data required to monitor progress toward the target. The Government intention is that data for the majority of these indicators is available from a central database 'the hub'. The NIs were introduced from 1st April 2008; however, information for many NIs isn't available yet which makes monitoring progress difficult.

ADDITIONAL CHANGES TO THE LOCAL PERFORMANCE FRAMEWORK

23. Middlesbrough Council last fully reviewed its performance clinics arrangements approximately four years ago, although they have been regularly amended to accommodate changing local and national requirements. The performance clinics were already in need of review and there is now sufficient information about the new national framework to incorporate national requirements in this review. Changes that are likely to occur include:
- changed format to recognise the central role the LAA plays in the national framework and the new National Indicator set;
 - categorisation of NIs into those where performance can be monitored in year, those where data is only available annually but this isn't a problem and those where data is only available annually but performance needs to be monitored more frequently than annually; and
 - the development and use of proxy measure – to monitor performance in those National Indicators where data is only available annually but monitoring needs to take place more frequently.

RECOMMENDATION

24. That OSB note the content of this report.

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