Report

Body:	Scrutiny Committee
Date:	8th February 2010
Subject:	Managing Performance
Report of:	Deputy Chief Executive and Head of Strategy and Democracy
Ward(s)	All
Purpose	To assess the authority's Performance Management approach for 2008/9 and set out the planned improvements which have been implemented as a result of the CAA assessment
Recommendation:	1. That Members note the assessment of the authority's performance management approach for 2008/9 2. That Members endorse the action plan set out in appendix 2 to improve the authority's Strategic Performance Management 3. That the proposed scope of Scrutiny Members' involvement in the work towards re-assessment in 2010 as set out in appendix 1 be noted and endorsed. 4. That the content of the action plan in response to the Use of Resources part of the Organisational Assessment set out in appendix 3 be noted and endorsed.
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1.0 Introduction

1.1 In December 2009, the results of the first Comprehensive Area Assessment were published by the Audit Commission on the "OnePlace[i]" website. Eastbourne Borough Council was given an overall Organisational Assessment score of 1 out of 4 which means "performs poorly."

This report seeks to cover:

- An overview of our organisational assessment
- Contextual analysis of the assessment, our approach and difficulties encountered

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[i] http://oneplace.direct.gov.uk

- Our improvement plans ahead of re-assessment and for long term performance management

2.0   Organisational Assessment (OA) overview

2.1   <u>Use of Resources</u>
This area of the assessment looked at how well the authority manages its finances, governs the business and manages resources and generally provides value for money. This area scored 2 out of 4 which means "performs adequately".

The UoR audit began with a round-table meeting between CMT and representatives of the external auditors, PKF. PKF came to the meeting having conducted an initial analysis of the information available to them and presented the authority with the results of their gap analysis asking for suggestions of evidence that could be provided. After this initial meeting, PKF provided a list of the information and evidence required which was compiled and returned in electronic format where possible. Further detailed discussions were held with Bobby Grant of PKF to cover some areas in more depth such as the Corporate Plan approach and Service and Financial Planning.

2.2   <u>Managing Performance</u>
The Managing Performance section of the OA looked at how the authority plans, manages and communicates its performance and follows on from previous Direction of Travel audits. This area scored 1 out of 4 which means "performs poorly". Because of this score, our overall OA rating was also level 1.

The Managing Performance process followed up work from the previous year that was covered on the Direction of Travel audit. During that audit process, the Audit Commission looked at our plans for improving performance management through the adoption of the new Corporate Plan and clearly stated priorities and noted that these would be picked up in the audit of 2008/9. Guidance for the Managing Performance stated that a Self Assessment was not required and that the process would involve an ongoing and open communication between the authority and its auditor. On that basis, we decided not to submit a Self Assessment.

Relevant evidence files reflecting those sent to PKF were sent to the auditor electronically and meetings were arranged for the Auditor with the Leader of the Council, Leader of the Opposition, Chair of Scrutiny, Chief Executive, Director of Housing, Health and Community Services, Assistant Director of Housing and Health and Assistant Director of Strategy and Democracy.

Performance judgements were made using an Audit Commission area profile tool which collected a range of available performance indicators and compared the authority to national performance quartiles. Some of this data was inaccurate and subsequently corrected by us. One issue we had was that the area profiles were made available to us somewhat late in the audit process so detailed analysis of the information contained in it was not possible.

Initial findings from the Audit Commission suggested that the authority was borderline level 1/2 and an opportunity was given to provide extra information and evidence to strengthen our position. This work was headed up by the Director of Housing, Health and Community Services with the support of CMT and the Strategic Performance Manager. The extra evidence supplied sought to respond directly to the areas that our lead auditor had highlighted as weak.

Upon receiving notification of the initial result of the Organisational Assessment, the authority lodged an appeal against the rating. A narrative was prepared by the council according to the official procedure which addressed the comments and feedback received. The appeal was considered by the Audit Commission but failed to affect the scores.

The main comments received by the auditors and highlighted within the OnePlace report were mainly centred on clear use and communication of performance information and targets to plan and evidence improvement. In addition, some service areas such as benefits and recycling were highlighted as performing poorly compared to national average.

3.0   2008/9 context and approach

3.1   The findings of the organisational assessment are accepted and the focus must now be on learning from the process and moving forward positively. However, it is important to place the 2008/09 result in context and summarise the approach we took and some of the difficulties we faced.

3.2   <u>National Indicator Suite</u>
2008/9 was the first year of the new National Indicator Suite as *"the only set of indicators that Government will use to monitor the performance of local authorities[ii]"*. This was a suite of 198 indicators brought in to replace the Best Value Performance Indicators which we had been using for several years to measure and report on our performance. A guidance document was released for the new indicators on 1st April 2008. Due to initial gaps, errors and incomplete definitions, the guidance document was revised several times through the year.

As many of the NIS indicators were completely new, there was no historic data to set baselines and targets. Also, there was no requirement to set targets for any NIs which were not included in the Local Area Agreement (LAA). Because of this, the authority decided to use 2008/9 as a year to establish baselines. Also, without trend data or targets to measure against, it was not deemed suitable to report quarterly PI progress separately as we have done in the past as it would have lacked context.

A majority of the new NIs are not reported directly by the authority and there are significant delays in accessing official outturn data as a result of quality checking procedures through different organisations and Government departments. A year end Indicator report was presented to Scrutiny Committee in September 2009 and despite delaying the report from

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[ii] John Healey, Minister for Local Government, National Indicators for Local Authorities and Local Authority Partnerships: Handbook of Definitions

June/July when we would normally report outturns, there was still a very limited amount of authorised data available to present.

3.3   <u>Place Survey</u>
During 2008/9, councils were required to conduct the first Place Survey which measured residents' satisfaction with local services and general quality of life factors based on their local area. This survey was delivered as part of a syndicate with all other authorities in the county including East Sussex County Council. The results for Eastbourne were generally positive and local resident satisfaction with the authority and specific services were relatively high. This would seem to reinforce the point that management and presentation of performance was more of an issue than service delivery output.

3.4   <u>Corporate Plan</u>
The authority introduced a new format of Corporate Plan in 2008 to replace the Best Value Performance Plan which was no longer statutory. The Corporate Plan was designed to state the council's priorities for 2008-11 and the key in-year actions and activities needed to help deliver them. Responsible officers and members were named in the plan for each of these actions and the reporting schedule was mapped out to show when and where progress would be monitored. The intention was to avoid the need for duplicate reporting of performance indicators separately and that the reports listed would provide more meaningful context that an indicator report would be able to provide at this time.

Priority themes were chosen to reflect improvement priority areas for the authority, high investment areas and to reflect the desires of the local community.

National Indicators were mapped to the priority themes where applicable and Local Indicators were created to fill gaps where the NIs didn't cover our priorities. In some areas, this was the first time performance indicators had been designed to measure these priorities and there was no national guidance available to help create them.

A mid-year progress report on the Corporate Plan key actions went to Cabinet in November 2008 to update members on progress being made and milestones achieved. A year-end summary of key-actions was taken to Cabinet in April which reported on achievements against the Key Actions and commentary against all specified activities and indicators where available at that time.

3.5   <u>Service and Financial Plans (SFPs)</u>
The Service and Financial Planning process is used annually to benchmark services using both performance and financial data and to set key actions and milestones for the coming year. These key actions align to the Corporate Plan priorities, the Sustainable Community Strategy or are core services.

Within the SFPs, there is a section for each team to set out its priority actions with meaningful targets or milestones as well as aligning National and Local Indicators to services. Performance is benchmarked against our 'nearest neighbour' group based on the latest available audited outturns and

financial figures where relevant.

3.6   DRIVE
        Any activities conducted in 2008/9 must be considered within the context of
        the DRIVE programme and the significant changes being made with regards
        to management and service team structures. The DRIVE programme itself is
        a large-scale project which is based on significant levels of consultation with
        staff and stakeholders. The major outcome of the project was to revise the
        corporate management structure and align services to better reflect
        priorities. However, due to the large scale and time involved with this
        project, it has had an impact on the organisation's capacity during the CAA
        audit process.

3.7   Scrutiny Seminars
        Scrutiny Committee have been analysing individual priority themes at
        seminars held twice a year. This approach was designed to allow access to a
        wide rage of information and provide a full overview of the work being done
        to drive priorities and the full context in which they sit. This enables
        members to understand the impact of projects and the factors that affect
        their delivery. In 2008/9 Scrutiny seminars covered the Environment and
        Tourism themes.

3.8   Council Tax Leaflet
        Every year, a page in the Council Tax leaflet is used to highlight key
        performance achievements in delivering Corporate Plan priorities. This is a
        key communication tool as it is delivered directly to many residents' homes.
        The limited space in the leaflet allows for only a brief overview of
        performance highlights but includes information on how residents can access
        further performance information via the website.

3.9   Internet
        The authority's website is used to communicate performance information in
        many forms. The performance and strategies pages contain publicly
        accessible versions of plans and strategies such as the Corporate Plan,
        Community Strategy, Data Quality Strategy and outturn data. The 2008/9
        Corporate Plan was updated through the year to reflect the availability of
        monitoring reports.

3.10   Staffing resources
        In December 2008 the Strategic Development Manager left the authority. For
        the following 11 months, the Strategic Development team consisted of one
        full-time member of staff. This period included the collation of year-end
        performance data, completion of the 1st Corporate Plan, development and
        implementation of the 2nd year Corporate Plan, management of the 2009/10
        Service and Financial Planning process and the management of the new CAA
        audit.

4.0   Improvements planned

4.1   CAA Working Group
        In December 2009, a working group consisting of senior managers and lead
        officers was set up in response to the CAA Organisational Assessment
        results. The purpose of this group is to analyse the authority's weaknesses

as highlighted by the auditors and develop medium-term plan to overhaul the authority's approach to performance management. Although the group is working towards improvements in time for potential re-assessment in 2010, the primary aim is to achieve a level 3/4 rating within 3 years.

Following a request from Scrutiny Committee, it has been agreed that there will be Member involvement from both parties in the planning and monitoring of this improvement work. A copy of the agreed scope has been attached as **Appendix 1**.

4.2   Data Mapping
One of the major projects launched by the CAA Working Group is to conduct a full mapping exercise of the data held and used by the authority. This involves meeting with all service managers to collect all performance indicators (National, local, service level, partnership etc) and ensure that they are labelled, evaluated and mapped against services, Corporate Plan priorities (current and 2010/11 onwards) and key outcome themes. This work is also identifying the value of these indicators to the authority and will form the basis for data quality work to be conducted later in the year.

4.3   Financial Reporting
Revenue spend is being mapped though the authority's finance system and attempts are being made to "tag" spend to specific service levels. This information can then be used in relation to performance data at the same level to produce integrated finance/performance reporting. This is a key reporting function in order to demonstrate value for money service delivery. We plan to incorporate this information into a return to our previous cycle of quarterly reporting of key performance information.

4.4   Capital Projects
Work has been undertaken to look at how Capital projects that have been approved though the Service and Financial Planning process reflect our Corporate Plan priorities.

4.5   Appraisal scheme
The authority has revised its staff appraisal scheme to include SMART targets for all staff relating to their team's objectives and the delivery of the council's priorities. This reflects a desire to link individual activities to delivering the strategic vision of the authority. It also helps to instil a performance related culture throughout the authority. This also relates to the authority's revised Pay & Grading structure where exceptional performance could be rewarded.

4.6   Performance Management System
Ongoing investigation into dedicated performance management systems is underway. Systems have been looked at by officers in previous years but bids for funding through the Service and Financial Plan process have not been successful due to overriding financial pressures. Potential funding has now been identified through the DRIVE process and demonstrations have been arranged by suppliers and existing users of systems. It is envisaged that implementation of a dedicated system would enable greater access to real-time performance data at all levels as well as the associated benefits of integrated management of risk, complaints, Freedom of Information

requests, data quality assurance, evidence management and robust audit trails. Given the need to improve our presentation and management of performance, this is a key element in our progress.

4.7   Self Assessment
Despite a self assessment not being a requirement of CAA, it was clear from the audit process for 2008/9 that it would have been beneficial for the authority to have produced one for the auditor. For the 2009/10 assessment process, a self assessment is being planned based around the Corporate Plan priority themes. An agreement has been reached with the East Sussex Performance Management Group that representatives from the local authorities will act as "critical friends" in this process. The self assessment will be backed up by evidence files showing what work has been achieved and communicated to residents through the year, including press releases.

4.8   Action Plan
An action plan has been drafted in order to address comments made by the Audit Commission. This plan maps out the Key Lines Of Enquiry (KLOE), what we did, what the feedback was and how we can improve. The draft plan is attached as **Appendix 2**.

In addition, and subsequent to the UoR audit, an action plan of improvements has been proposed by PKF in liaison with the Chief Finance Officer. A copy of that action plan and the draft responses is attached as **Appendix 3**.

5.0   Resource Implications

5.1   Financial
Failure to improve the authority's CAA rating could incur increased audit fees.

Implementation of a Performance Management system would incur costs in both the initial purchase and ongoing licensing agreement. The actual amount would depend on the system chosen but current estimates vary between £10,000 - £20,000 for the initial set-up and £3,000 - £5,000 annual license costs.

5.2   Staffing
Council staff are being asked to evaluate the information they are using to regularly manage their performance. It is not envisaged that there will be any extra burden on staff resources. In fact, we are hoping to streamline the ability to manage performance across the authority and enable teams to clearly identify how they are performing in key areas and plan services accordingly.

6.0   Conclusion

6.1   In order to achieve and maintain improved performance in the CAA Organisational Assessment the authority needs to focus on making robust changes to its performance management approach. This will require a corporate-wide commitment and consistent approach to using performance information in a strategic and open manner. Work is already underway to

provide a framework for this and commitment has been made by staff, managers and members to implement this change.

Julian Osgathorpe
Deputy Chief Executive

Peter Finnis
Head of Strategy and Democracy

Background Papers:

The Background Papers used in compiling this report were as follows:

CAA Organisation Assessment report at http://oneplace.direct.gov.uk

To inspect or obtain copies of background papers please refer to the contact officer listed above.

(document reference)