

**EAST AYRSHIRE COUNCIL
GOVERNANCE AND SCRUTINY COMMITTEE - 26 OCTOBER 2007**

**BEST VALUE AND COMMUNITY PLANNING IMPROVEMENT AGENDA:
ACTION PLAN 2 - PERFORMANCE MANAGEMENT**

Report by the Executive Head of Finance and Asset Management

1. PURPOSE OF REPORT

- 1.1 To advise Members of the work underway in relation to the design of a Council-wide Performance Management Framework.
- 1.2 To advise of the forward plan for the completion of the current work and the implementation of the Framework.

2. BACKGROUND

- 2.1 Members will recall that the Accounts Commission published its report on the findings arising from the East Ayrshire Audit of Best Value and Community Planning in September 2006.
- 2.2 The conclusions arising from the audit, and the Council's proposed response to the Accounts Commission, were considered at the Special Meeting of the Council on 20 September 2006.

"East Ayrshire Council can demonstrate a clear commitment to Best Value. It is focused on meeting the diverse needs of its communities, and is enthusiastic and innovative in working with a range of partners through Community Planning. The Council is characterised by strong and effective leadership from its senior management, which is developing a culture of continuous improvement throughout the organisation.

Audit of Best Value and Community Planning - Accounts Commission September 2006

In summary, the Council received an excellent report from the auditors and agreed to accept in whole the findings arising from the audit, including the Improvement Agenda.

- 2.3 In the area of Performance Management, the Accounts Commission highlighted Performance Management as a high priority area for improvement as follows:

"Performance Management: consolidate the various elements currently used for managing performance to provide a more consistent and streamlined system, including: clearer links between service plans and community plan priorities, customer feedback and resources; and better utilisation and development of the Director's Performance Review process."

- 2.4 The Policy and Resources Committee of 7 February 2007 considered and agreed the detailed improvement action plans, and that they would be forwarded to the Accounts Commission for information and noting. It also

agreed to assist the follow-up review by External Audit. The Chief Executive forwarded the improvement action plans to the Secretary of the Accounts Commission on 8 February 2007.

- 2.5** A progress report on the Improvement Agenda, consisting of fourteen action plans, was approved by CMT on 12 September by Governance and Scrutiny Committee on 28 September.
- 2.6** From the Improvement Agenda, Action Plan no. 2, 'Performance Management,' with progress update as at 31 August 2007, is attached at Appendix 1.
- 2.7** In relation to Performance Management there are four areas of work currently underway across the Council:
- Reviewing and adding to the current portfolio of local service-related performance indicators;
 - Further developing consistent individual Service Plans across the Council, with full links to the East Ayrshire Community Plan;
 - Developing the content and utilisation of the Chief Executive's Performance Review Framework for Council Services; and,
 - Developing a consistent approach to benchmarking across the Council.
- 2.8** In addition to the above, the final area that will require planning and implementation is a web-based facility that gives staff access to all performance information, and provides a reporting function for all levels of seniority.
- 2.9** Work in this area will contribute to the Council's preparation for reporting on Productivity and Efficiency Measures, and the outcome of the national review of performance management that is being conducted by the Local Authority Performance Framework Project Board, including the design of Single Outcome Agreements for local authorities.

3. AREAS OF WORK

3.1 Review of Performance Indicators

- 3.1.1** A comprehensive review of performance indicators is underway. The main objective is to provide departments with guidelines for developing new performance indicators based on research into best practice.
- 3.1.2** While these performance measures will be in addition to Statutory Performance Indicators (or their successor indicators currently being developed through the Single Outcome Agreement) it is envisaged that this small number of key indicators will focus on business critical areas, and will be developed through close working with policy / performance staff in all service areas.

3.1.3 The outcome of this element of the project is to assist in the further development of the Council's performance framework, providing information that is:

- meaningful;
- a true and fair indication of performance;
- a reflection of issues that are within the control of the service;
- targeted at differing levels of seniority within the Council; and,
- linked to both the Council's strategic (Community Planning) and operational objectives.

3.1.4 Part of this review will include the further development of outcome and impact indicators that can be used at a strategic level.

3.1.5 In addition to these quantitative indicators, performance reporting on areas that require qualitative assessments will be included in the guidelines.

3.1.6 Once the guidelines have been produced, a pilot is planned with the Council's Property Section that will deliver a suite of Property indicators that meet the above criteria.

3.1.7 On completion of the pilot, the guidelines will be applied across all services, with assistance from the Best Value and Performance Section.

3.1.8 The design of new indicators, along with Statutory Performance Indicators, will help to populate newly designed Service Plans (3.2 below), and the Chief Executive's Performance Review Framework for Council Services (3.3 below). The indicators will be used in future benchmarking exercises (3.4 below).

3.2 Review of Service Planning

3.2.1 A review of service planning is underway, with a draft template developed that will be tested through a pilot already started with Leisure Services.

3.2.2 In addition to producing a more consistent approach to Service Planning across the Council, this exercise will improve:

- the embedding of measures and targets (3.1 above);
- the links between service performance and financial and other resources;
- the links between service planning and Community Planning objectives; and,
- comparative analysis in order that the potential for improvement is clear (3.4 below).

3.2.3 It is intended that the model service plan that is adopted by the Council will include all current action plans that are currently being produced. This will include action plans for EFQM, Best Value Service Review, Health and Safety, Risk, and Equalities. Where appropriate, progress against projects that are under the jurisdiction of the particular service will also be

included. The aim is to consolidate the review of progress against these individual plans, and provide a single document for reporting.

3.3 Review of Chief Executive's Performance Review Framework for Council Services

3.3.1 A review of the current Review Framework was carried out by the Chief Executive in December 2006. This resulted in a refocusing of many elements of the Framework, and the introduction of six new reporting headings.

3.3.2 A further review is currently being carried out with the objective of simplifying the process and producing tiered reporting, appropriate to the needs of the Chief Executive, Executive Directors and other users.

3.3.3 The outcome of the reviews described in 3.1 and 3.2 above will have a major influence on the future makeup of the Chief Executive's Performance Review Framework for Council Services:

- the review of performance indicators will produce more meaningful information that will populate the template; and,
- the review of the service planning process will provide progress reports against key service objectives.

3.4 Review of Benchmarking across the Council

3.4.1 A review has commenced that will assess the current level of benchmarking across the Council, will provide guidance on the processes involved in taking part in benchmarking, and will recommend organisations that lead benchmarking groups.

3.4.2 Returns have been received from all departments highlighting the level of benchmarking that is currently being carried out. In due course the guidance will be piloted within a particular service and rolled out across the Council.

3.5 Web-enabling the Performance Management Framework

3.5.1 The final element of this project is to introduce systems and procedures that allow all performance information, and progress against service plans and projects, to be held on a database. This would make available 'real time' information to all staff, allow for reporting against a series of predetermined criteria, and deliver 'exception' reports for areas where improvement should be pursued.

3.5.2 Some councils in Scotland have already completed work in this area. Of those councils that responded to a recent survey by the ABC Benchmarking Group, 7 have no ICT-based system, 10 are using an in-house ICT system, 5 have a unique external system supplier, and 8 are using a company called Covalent. Two of the respondents with no current ICT system, and two that currently use an in-house solution are considering engaging Covalent.

3.5.3 It is proposed that two or three companies (including Covalent) are invited to demonstrate the benefits of their own systems to the Council, and these are assessed against a potential in-house solution. It is intended that the presentations will be arranged before the end of 2007, with a view to inviting formal tenders (should an external solution be the preferred option) by March 2008. Prior to the invitations to tender, a report will be submitted to the Corporate Management Team to report on the results of the initial presentations.

4. FINANCIAL IMPLICATIONS

4.1 There will be financial implications in the future should the Council decide to implement a proprietary ICT solution for capturing and reporting on performance information.

4.2 In this regard, as detailed in 3.5.3 above, a further report, including any financial implications, will be presented to Cabinet following presentations by interested companies.

5. LEGAL IMPLICATIONS

5.1 There are no Legal Implications.

6. POLICY IMPLICATIONS

6.1 The introduction of a Performance Management Framework will meet the requirements of Action Plan 2, Performance Management, from the East Ayrshire Audit of Best Value and Community Planning in September 2006.

6.2 The Framework will contribute to the Council's response to the Scottish Government's Best Value regime, and continue to demonstrate continuous improvement.

7. RECOMMENDATIONS

8.1 Governance and Scrutiny Committee is asked to:-

- (i) Note the progress made so far in developing a Performance Management Framework across the Council;
- (ii) Endorse future plans for the development of the Framework; and,
- (iii) Otherwise note the contents of the report.

Alex McPhee

Executive Head of Finance and Asset Management

11 October 2007

LIST OF BACKGROUND PAPERS

1. East Ayrshire Council – The Audit of Best Value and Community Planning, prepared for the Accounts Commission by Audit Scotland, September 2006.

Any person wishing to inspect the above background papers or seeking further information on this report should contact Jim Farrell, Performance, Development and Projects Manager, (Tel: 01563 576223).

IMPLEMENTATION OFFICER: Performance, Development and Projects Manager.

**Audit of Best Value and Community Planning Improvement Agenda
Action Plan No 2 - Performance Management**

Purpose of Action: Consolidate the various elements currently used for managing performance to provide a more consistent and streamlined system, including: clearer links between service plans and community plan priorities, customer feedback and resources; and better utilisation and development of the Executive Directors' Performance Review process. (Owner: Chief Executive)

	Action	Action Owner	Time / Target	Updated Position at 31 August 2007
2.1	Review and add to the current portfolio of local service related performance indicators to reflect: <ul style="list-style-type: none"> • Performance against strategic / service plan objectives. • Performance against operational objectives (monitoring of day to day management information systems). • Performance against meeting stakeholder expectations. 	Heads of Service supported by Executive Head of Finance and Asset Management	Review to be completed by August 2007 for inclusion in "Performance Review Template for Executive Directors" in September 2007	VERY GOOD PROGRESS - ON SCHEDULE TO BE COMPLETED IN DECEMBER 2007 <ul style="list-style-type: none"> • The outputs from this project will help to populate both the new Service Plan template as described in 2.2 below, and the revised Chief Executive's Performance Review Template in 2.3. • It is anticipated that the pilot will be completed by December 2007, with a roll out across the Council to commence early in 2008.
2.2	Further develop consistent individual Service Plans across the Council to include: <ul style="list-style-type: none"> • Links to Community Plan objectives • Analysis of consultations with stakeholders • Statutory and local performance indicators (from 	Heads of Service supported by Executive Head of Finance and Asset Management	Annually from October 2007 with in-year monitoring	VERY GOOD PROGRESS - PILOT UNDERWAY, ROLL OUT EARLY 2008 <ul style="list-style-type: none"> • A template has been developed, in consultation with the Head of Leisure, which incorporates all elements described in column 1. • This template will be piloted within Leisure Services and, on successful completion of the pilot, will be rolled out across the Council. • The outcomes of the work being carried out in 2.1 above, will help to populate the performance information contained in the Service Plan. • The results produced as part of the annual Service Planning process

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	Action	Action Owner	Time / Target	Updated Position at 31 August 2007
	2.1 above) <ul style="list-style-type: none"> • Analysis of current and future service pressures • Public Performance Reporting 			will contribute to the information needed for 2.3 below.
2.3	Develop the content and utilisation of the Performance Review Template for Executive Directors.	Heads of Service supported by Executive Head of Finance and Asset Management	September 2007	FULLY ACHIEVED <ul style="list-style-type: none"> • A review of the current Template was carried out by the Chief Executive. This resulted in an additional 6 sections being added. These sections cover: <ul style="list-style-type: none"> ▪ The Residents Survey. ▪ The Efficient Government Agenda. ▪ Public Performance Reporting. ▪ Actions Outstanding from the Strategic Self Assessment of services. ▪ Best Value and Community Planning Improvement Agenda. ▪ Performance Accountability. • In parallel to the above, a further review of the structure of the Template is underway, with the aim of providing a layered format appropriate to the seniority of audiences. The process and draft document will be subject to evaluation in due course.