
Report To:	Policy and Resources Committee	Date:	26 March 2013
Report By:	Albert Henderson, Corporate Director, Education, Communities and Organisational Development	Report No:	PR/081/13
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Subject:	Audit Scotland Report - Managing Performance: are you getting it right?		

1.0 PURPOSE

- 1.1 The purpose of this report is to present to the Committee the Audit Scotland Report 'Managing performance: are you getting it right?', to set out how Inverclyde Council is performing in regard to the key recommendations, and to highlight any areas of improvement required to meet the standards set out in the report.

2.0 SUMMARY

- 2.1 In October 2012, Audit Scotland issued 'Managing performance: are you getting it right?' as part of its 'how councils work' series. The report highlights the importance of councils effectively managing performance and improvement to:
- Deliver efficient and effective services to local communities
 - Show they are achieving best value.
- 2.2 The key message from the audit work is that all councils can improve how they manage performance and improvement. Further detail in regard to the specific key messages and how Inverclyde Council measures up against them is set out in paragraph four.
- 2.3 The review which Inverclyde Council has carried out on its Strategic Planning and Performance Management Framework, and the subsequent guidance which has been developed, takes into account a number of the areas set out in the report.
- 2.4 There remain a number of areas for improvement, including:
- Development of briefings for Elected Members in regard to scrutiny processes and the additional performance information on Inverclyde Performs;
 - Further roll out of the Performance Appraisal process and using this to help all staff understand how they contribute to the delivery of the Council's performance and delivery of outcomes, setting out clear messages related to their area of work;
 - The further development of an effective performance management culture, led by both officers and councillors;
 - Internal communications regarding how the organisation is performing across the Council, to all employees;
 - Better consistency across the Council in carrying out team briefings/meetings;
 - Communication of good performance and case studies to highlight this, should be

- developed and communicated on a regular basis;
- Better reflection of how community engagement feeds into the Council's business planning processes across all services;
- The development of any additional performance measures required, other than the SOLACE Benchmarking Indicators, which include a combination of cost and quality indicators;
- Further development of public performance reporting processes to cover a range of media and to better use existing web pages;
- Use the review of the SOA in response to the new Scottish Government guidance to identify how partnership performance management can be enhanced.

2.5 The 'Managing performance: are you getting it right?' report can be found on Audit Scotland's website at http://www.audit-scotland.gov.uk/docs/local/2012/nr_121004_hcw_performance.pdf

2.6 The document has a series of checklists in Appendix 1, which councillors and officers can use to self evaluate themselves against the recommendations of the report.

3.0 RECOMMENDATIONS

It is recommended that the Policy and Resources Committee:

- a. Note the content of this report
- b. Agree the improvement actions set out in paragraph 2.4
- c. Agree to a programme of improvement work in response to the actions set out at 2.4.

Albert Henderson
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4.0 BACKGROUND

- 4.1 Audit Scotland has been carrying out a series of audit work about how councils work and the fourth of the resultant reports focuses on 'Managing performance: are you getting it right?'.
- 4.2 Performance management involves gathering, analysing and acting on performance information to improve services and the quality of people's lives in the local community. Managing performance is a continuous part of the day-to-day role of officers and elected members.
- 4.3 The report highlights the importance of councils effectively managing performance and improvement to:
 - Deliver efficient and effective services to local communities
 - Show they are achieving best value.

Effectively managing performance and improvement helps councils to demonstrate that they are delivering efficient and effective services to communities and are making the best use of resources.

- 4.4 Audit Scotland found a mixed picture in the coverage and quality of information available across councils, which impacts on their ability to have an informed view of how well services are performing. Corporate processes need to enable a council to focus on which areas it needs to improve, and the new self evaluation guidance which has been developed as part of the review of the Strategic Planning and Performance Management Framework (SPPMF) will assist Inverclyde Council services to ensure they are self evaluating effectively.
- 4.5 Self evaluation is where a council systematically examines its own services, achievements, and processes to assess whether it is meeting its stated aims, objectives and outcomes efficiently and effectively. Included in this self evaluation is meaningful engagement with key stakeholders. The new Corporate Directorate Improvement Plans will be based on robust self evaluation, and the performance management of the plans will include ongoing self evaluation to ensure that services stay on track, and also make sure they are meeting the needs of service users.
- 4.6 The key messages from the report are:
 - All councils can improve how they manage their performance and improvement
 - Effectively managing performance and improvement is essential to achieving Best Value
 - Everyone in the council has a role to play in managing performance
 - Councillors need good quality performance information to make well-informed decisions, scrutinise performance and identify areas for improvement
 - Performance measures must reflect a council's priorities if it is to assure itself that its objectives are being met
 - Managing performance is important for governance and accountability
 - An effective performance management culture, led by both officers and councillors, is essential
 - Performance information must be acted on to improve outcomes
 - Self-evaluation and review activity form an important part of continuous improvement

- Councillors and officers need to ensure that the principles of effectively managing performance apply equally when working with partners.

5.0 The role of Councillors in managing performance and driving improvement

- 5.1 All councillors have an important role in managing performance. They are responsible for setting the vision and direction for the council, prioritising what needs to be done, and then monitoring how well it is being achieved. The operational management of services is the role of officers, following the direction set by Elected Members.
- 5.2 Councillors need to be clear about priorities and ensure that appropriate performance measures are in place. Councillors should work with officers to ensure that they get the information they need to be able to fulfil their performance management role effectively. They need to consider what information they need, how often they need it and how it should be presented so that it is easily understood.
- 5.3 The Council's electronic performance management system, Inverclyde Performs, has been developed to present the information in both a tabular and graphical form to assist with ease of understanding. The Council moved to a RAG (red, amber, green) or traffic light approach about two years ago to help councillors and officers to easily identify where progress is on track or where there are areas of concern.
- 5.4 Additionally performance reporting is more focused on an exception basis, where poor performance is highlighted and explanations are given for performance, and mitigating action is set out. These are both highlighted in Audit Scotland's report as useful tools to help manage the wide variety of performance information which councillors and officers have to scrutinise.
- 5.5 Another area highlighted by the report is for councillors to use benchmarking data to compare performance trends against targets over time, and to look at what other councils are doing. The work which is currently being undertaken by SOLACE and the Improvement Service to develop benchmarking indicators will assist with this. A number of services also benchmark through a variety of different groupings and local networks, e.g. Association for Public Service Excellence (APSE), Scottish Local Authorities Economic Development Group (SLAED).
- 5.6 Councillors require to actively scrutinise performance and act on the performance information they receive. They have an important role in taking decisions to respond to what the performance information is telling them. This may include revising plans and measures where priorities may have changed, targeting resources to priority areas, identifying areas of concern and considering options about how or what services are delivered.
- 5.7 The report also highlights that councillors require training and support to fulfil their role effectively. Councillors have a training plan throughout the year, but this will be supplemented in 2013 with some training on performance management using Inverclyde Performs, with the new Corporate Directorate Improvement Plans uploaded onto it. A briefing has already taken place to show members how the Statutory and Key Performance Indicators are set up.

6.0 Developing a performance management culture

- 6.1 Audit Scotland state that performance management is everyone's business in a Council, and that performance management practices need to be embedded throughout the organisation. Performance management should be seen as part of

everyone's day job, not an add on or a burden.

- 6.2 An effective performance management culture will help to improve performance. An effective performance management culture means that:
- Councillors and officers share a common purpose and vision
 - Everyone knows how their work contributes to priorities
 - Managers and staff monitor and manage their own performance and achievements
 - Performance is reported regularly at all levels of the organisation
 - Councils recognise and acknowledge where they are succeeding and where they need to deal with poor performance
 - High standards of conduct and performance are expected and delivered.
- 6.3 The audit has identified a lack of an effective performance management culture as a common theme. In Inverclyde, the majority of Council employees stated in the Employee Survey that they were quite clear on what the council's vision and purpose were, although this was focused mainly on office based staff. Further work will require to be carried out to ensure that all employees, at all levels, know what the Council's vision and purpose is. Elected members have been involved in the development of the Council's vision and the Corporate Statement which sets this out for the Council as a whole.
- 6.4 The performance appraisal process should help employees to understand how their work contributes to priorities. The process has been rolled out further within the Council, but some work will require to be undertaken to ensure that through the process, all employees can see how their work contributes to the delivery of the outcomes for Inverclyde.
- 6.5 The appraisal process can help managers and staff to manage their own performance and achievements annually, and the ongoing monitoring of performance indicators in each service area also assists with ensuring everyone monitors and manages their own performance.
- 6.6 Quarterly performance reporting of Directorate Plans has been in place for some time, and this will continue with the new Corporate Directorate Improvement Plans (CDIPs). For the CHCP the new CDIP will also incorporate the Development Plan for NHSGGC and joint reporting will take place across the Council and the Health Board. Management teams will be encouraged to use each meeting to look at their performance against actions and performance indicators on Inverclyde Performs. Updates can be made as these are reviewed, and the information entered will feed the performance reports which will be submitted to committees. Other performance reports are made regularly across all services and partnerships in regard to particular areas of work e.g. the outcome delivery plans for the Single Outcome Agreement.
- 6.7 This reporting process supports the members and officers of the Council to identify where actions are being delivered and performance is improving as well as highlighting where performance is poor. Improvement actions can then be identified in order to deal with poor performance.
- 6.8 The variety of policies agreed by the Council in regard to conduct and performance in addition to the performance appraisal process, set out high standards for all employees.
- 6.9 The report also states that Councillors and senior officers should demonstrate a good

understanding of performance and share this across the Council. Inverclyde Council has been working to improve how it considers and discusses performance in committees as well as management team meetings. Where the Council is slightly weak is in the communication of performance across all service areas. Information is made available on ICON but not all employees have access to electronic media. The responses from the Employee Survey indicated that employees would like to see a newsletter or receive texts with important information for them. The survey also showed that team meetings/briefings were not consistent across the authority and that more work should be carried out in developing communication to all services and groups of employees.

- 6.10 Good performance should be recognised and success stories shared across the Council. Inverclyde Council has the Pride of Inverclyde awards which does this once a year, but further work could be undertaken to develop a broader range of case studies to share across services. The Single Outcome Agreement Annual report contains examples of case studies of partnership working towards the achievement of the outcomes for Inverclyde.

7.0 Developing an effective performance management framework

- 7.1 *'For a performance management framework to be effective it needs to reflect the council's priorities and be integrated into business planning arrangements.'*
- 7.2 The Council has adopted a more robust approach to self evaluation set out in the guidance for the Corporate Directorate Improvement Plans (CDIPs) as well as separate self evaluation guidance.
- 7.3 The report highlights the importance of community engagement feeding into the business planning processes. Inverclyde needs to be better at reflecting how community engagement informs the development and delivery of services, and feeding this back to communities.
- 7.4 The revisions to the SPPMF put Inverclyde Council in a good position to meet what the report sets out as a good performance management framework, setting out clearly how the strategic priorities are reflected in the plans for each directorate and service and in performance appraisals. A strong corporate approach will stand the Council in good stead going forward.

8.0 Developing good performance measures

- 8.1 *'A good performance management framework uses a range of robust performance measures that provide a clear picture of performance. The measures should reflect a council's priorities and meet the needs of those who use them.'*
- 8.2 The Council has been developing performance measures over time to make these more robust. Each Directorate has developed Key Performance Indicators (KPIs) on top of the Statutory Performance Indicators (SPIs) which have been included in Directorate Planning processes. The work on Inverclyde Performs has focused on ensuring that trend analysis can be carried out as well as providing a red/amber/green status as a result of target setting for the indicators. Qualitative information is also measured through the citizens' panel and informs the reporting of the SOA.
- 8.3 Further work has been undertaken through the SOLACE benchmarking indicators project to develop existing and new indicators which can be used to highlight where the Council may want to engage with other Councils to discuss ways of delivering

services and making efficiencies. The indicators cover both cost and service performance. These SOLACE indicators will now be used as the Statutory Performance Indicators which will be reported annually to Audit Scotland. Further work is required to identify whether these indicators cover all the areas which the Council wishes to measure at a corporate level, or whether these need to be supplemented with additional KPIs.

9.0 Using performance information effectively

- 9.1 *'Performance information must be acted on to improve performance. Performance reports for the public are important for accountability and should be easy to find and easy to understand. Benchmarking is an effective way of helping organisations to deliver better services.'*
- 9.2 With the move to exception reporting on performance and the Corporate and Directorate quarterly performance reports, services highlight what they will do to improve performance where it is not on target or meeting expectations. Each management team will be able to use the information set out on Inverclyde Performs to manage performance on a regular basis, instead of relying on paper reports, which will provide up to date information for review and discussion.
- 9.3 The Council's public performance reporting (PPR) has largely moved to electronic reporting, with the website amended to facilitate this in a better way. Further work is required, as the new SPPMF rolls out, and more information is uploaded onto Inverclyde Performs to identify how these pages can be better used. The report suggests that Councils use a range of media to report how they are performing and thought will require to be given as to how to better report performance through InView.
- 9.4 As mentioned above, in 8.3, the work being undertaken in regard to the SOLACE benchmarking indicators will assist with carrying out benchmarking across all of Scotland's local authorities. A number of services already carry out benchmarking with other authorities e.g. Environmental and Commercial Services, and analysis of competitiveness has been carried out by services e.g. Finance, ICT.

10.0 Developing self-evaluation and improvement activity

- 10.1 *'Performance management information should clearly identify where improvement is needed. There is a wide range of improvement tools and techniques available and councils need to select the most effective way to review and improve services. Self-evaluation and review must be robust and honest to be effective.'*
- 10.2 As mentioned above in paragraphs 4.4 and 4.5 the Council has developed a more robust and co-ordinated approach to self evaluation, developing guidance based on Education Scotland's 'Journey to Excellence' and expanding it to fit the whole Council. This guidance brings together a number of self evaluation methods under one umbrella, and sets out for officers the ongoing, continuous nature of self evaluation.
- 10.3 The development of the Corporate Directorate Improvement Plans will be based on this new self evaluation guidance and the ongoing performance management of these plans will inform continuous evaluation.
- 10.4 The report also highlights the role of audit and scrutiny committees in scrutinising and monitoring improvement activity and progress made. Inverclyde Council may wish to consider how it might strengthen the role of the audit committee in co-ordinating and managing a programme of scrutiny, informed by the self evaluation processes in place.

11.0 Partnership working

- 11.1 *'The principles of effectively managing performance also apply to partnership working. Partners need to have a shared understanding of priorities and the impact their work is having.'*
- 11.2 The Inverclyde Alliance has a variety of levels of performance management, which are all linked to the outcomes as agreed by the partnership. The SOA is reported on an annual basis and includes a range of quantitative and qualitative measures, which have been developed in consultation with the Scottish Government's Analytical Services division. The Annual Report also contains case studies highlighting how partnership working is helping to achieve the outcomes for the people of Inverclyde.
- 11.3 Each Outcome Delivery Group has an Outcome Delivery Plan which is reported on quarterly to both the SOA Programme Board and the Alliance Board. Exception reporting is used here too, with Lead Officers asked to provide an explanation of any poor performance, and what mitigating action is being put in place to improve performance.
- 11.4 The Scottish Government carried out a review of SOAs and Community Planning last year and have produced new guidance for Community Planning Partnerships. The Alliance will now require to revise its SOA in response and has a further opportunity to identify how partnership performance management can be enhanced.

12.0 IMPLICATIONS

12.1 Legal: none

Finance: none

Personnel: none

Equality and Diversity: none

13.0 Consultations

13.1 No consultations have been undertaken in regard to this report.

14.0 Conclusions

14.1 The Council is in a relatively strong position in regard to the key areas set out in the Audit Scotland report, but will require to continue to develop how it manages performance, particularly in regard to supporting Elected Members in their scrutiny role and developing a performance management culture across all levels of the organisation.

15.0 List of Background Papers

15.1 Audit Scotland: Managing performance: are you getting it right?