

**Managing Performance: Are you getting it right?  
Report by Kenneth Lawrie, Chief Executive****1 Purpose of Report**

The purpose of this report is to present to Audit Committee the Audit Scotland Report entitled 'Managing Performance: Are you getting it right?' and to describe our response to the recommendations within it.

**2 Background**

Appendix 1 contains the Audit Scotland report entitled 'Managing Performance: Are you getting it right?' which was published on 4<sup>th</sup> October 2012. It is the 4<sup>th</sup> report in the 'how councils work' series of reports. The aim of these is to stimulate change and improve performance in councils.

The report covers the following:

- The important role of councillors in managing performance
- The importance of leadership by officers and councillors in developing a performance management culture
- Developing effective performance management frameworks to support improvement
- Developing performance measures
- Using performance information effectively
- Developing self-evaluation and improvement activity
- Managing performance in partnerships

Key messages in the report are:

- Everyone 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
- Benchmarking can be an effective way of helping councils to deliver better services
- Councillors and officers need to ensure that the principles of effectively managing performance apply equally when working with partners

The report also contains the characteristics of a council with effective performance management and improvement. An effective council will:

- Have a developed culture where leaders demonstrate good management of performance and communicate regularly on performance and improvement issues
- Have a corporate framework for performance management and continuous improvement
- Be clear on its priorities and have plans that meet the 'golden thread' test
- Use a wide range of measures to effectively manage performance
- Use benchmarking to compare and monitor improvement against other councils
- Encourage scrutiny and challenge from councillors
- Use overview and scrutiny panels to challenge performance
- Actively respond to areas requiring improvement
- Use self-evaluation and reviews to demonstrate continuous improvement
- Use internal audit service to assure performance management systems and measures
- Work constructively with partners to manage performance and improvement

We have already gone some way towards meeting the challenges within the report.

## **2.1 Current Planning and Performance Management Framework**

The current Framework in Midlothian Council consists of:

- Single Outcome Agreement (SOA), Community Plan, Corporate Strategy and Service Plans
- Quarterly reporting on service and council performance to Cabinet and Performance, Review & Scrutiny Committee.
- Audit and risk actions reported to Audit Committee.
- A number of management performance indicators are included in the PI summary section of each report.
- Regular 'Performance Officer Group' (POG) meetings take place. The remit of the POG is to ensure that the Council meets its best value requirements in terms of planning and performance management and public performance reporting, and to drive forward the mainstreaming and embedding of performance management throughout the organisation.
- There is a dedicated performance webpage on the Council website, including service pages which use the covalent web publishing module to provide up to date trend charts for key PI's.

A Council performance report and 10 Service performance reports are monitored each quarter by senior officers, the Chief Executive and Elected Members. The Community Plan and SOA are reported six-monthly. There are also a variety of themed performance reports.

## **2.2 Recent Improvements to Performance Management**

### Best Value Improvement Plan

Following the Audit of Best Value and Community Planning, a best value improvement plan was agreed at council. As part of this, improvements to performance reporting were identified, namely:

- Ensure that quarterly performance reports provide the appropriate focus on strategic issues and areas for improvement.
- Coordinate benchmarking activity centrally by: a) Creating benchmarking guidance for use by managers b) Providing training on benchmarking c) Linking benchmarking to other improvement activities d) Identifying where benchmarking gaps exist.
- Develop a shared vision of high performance in attainment and achievement between officers and elected members.
- Develop and deploy a corporate approach to seeking, recording and analysing customer satisfaction data, including the use of this data to inform service improvements.

### Planning and Performance Management Framework (PPMF)

Following a review of the PPMF in July 2012 CMT agreed that:

- Plans and performance reports were revised to ensure that we are capturing the right information needed to drive improvement, including the use of benchmarking information, customer satisfaction data, and value for money indicators.
- The role of the CIS was revised to support performance improvement across the authority, developing planning and performance management and providing guidance and technical expertise to users of the covalent system.

In August 2012, Council approved the integration of the Community Plan and Corporate Strategy into the Single Outcome Agreement to form a single strategic plan for the council and its partners. From 2013 onwards the council will report performance based on the single plan on a 6 monthly basis.

The Community Planning Partnership developed 5 draft objectives as the basis of the Single Outcome Agreement / Community Plan 2013 – 18. These are:

1. Community safety in Midlothian
2. Adult health, care and housing

3. Sustainable growth in Midlothian
4. Improving opportunities for people in Midlothian
5. Getting it right for every Midlothian child

Consultation on these 5 objectives as well as the priorities relating to these is currently taking place. Service plans for 2013-18 are also being developed which will feed into the single council plan.

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### Benchmarking

As well as the benchmarking actions arising from the BV improvement plan and the review of PPMF, the Improvement Service (IS) was asked by SOLACE to co-ordinate a project to establish a benchmarking framework for Scottish Local Authorities. The overall purpose of this was to support councils in focusing transformational resources to areas of greatest impact and to develop, on a collaborative basis, a comparative benchmarking framework for Scottish Local Government in terms of costs/productivity and related outcomes. The project identified around 47 indicators covering a range of services and corporate areas. SOLACE recognise that these indicators can be used in combination with other indicators including; outcome indicators, statutory performance indicators etc. to provide a more effective overview of performance.

Data is available for 2010/11 for each of the benchmarking indicators identified. This is the baseline data and is based on the data from local financial returns and the Scottish household survey. Due to the various processes that the IS had to go through in order to ensure the accuracy of the data, there was a significant time lag in the 2010/11 data. 2011/12 data will be published by the end of the year so it has been decided that both sets of data will be reported on together so that there will be trend information as well as the ability to benchmark across different councils.

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### Self-evaluation

Self-evaluation uses evidence, challenge and critical reflection to improve performance. The council adopted the Midlothian Excellence Framework in 2010 as its method of self-evaluation. The MEF is a continuous improvement tool based on self assessment which encourages services to conduct a comprehensive review of their processes and results. Services identify their strengths and areas for improvement in relation to the MEF criteria which can then be used to inform planning and improvement initiatives. A number of services completed this process and produced MEF action plans in order to improve.

Midlothian Council has recently adopted a Systems Thinking approach, developed by a company called Vanguard, to redesign services around what matters to our customers. Self evaluation of services will be carried out as a part of this review process which will build upon the MEF.

### **3 Report Implications**

#### **3.1 Resource**

There are no direct financial implications arising from this report, however, there will be human resource requirements in delivering identified improvements in performance management throughout the Council.

#### **3.2 Risk**

This report seeks to ensure that the council meets Best Value requirements.

#### **3.3 Policy**

##### **Strategy**

This report relates to the Best Value Framework and the Planning & Performance Management Framework

##### **Consultation**

This report does not propose a change to the current procedure therefore consultation has not been considered necessary.

##### **Equalities**

There are no equalities implications arising directly from the report. It is assumed that Audit Scotland have assessed the equality impact when producing the report.

##### **Sustainability**

The Councils Planning and Performance Management framework demonstrates a sustainable approach to service delivery by ensuring that stakeholders are informed and able to comment on Council planning and performance

### **4 Summary**

This report presents to Audit Committee the Audit Scotland Report entitled 'Managing Performance: Are you getting it right?' as well as providing information on the council's current approach to performance management and how we are working to improve it.

### **5 Recommendations**

Audit Committee is asked to note the contents of the Audit Scotland report contained in Appendix 1.

**Date 16<sup>th</sup> October 2012**

**Report Contact:**

Fiona Murphy Tel No 271 3426 [Fiona.Murphy@midlothian.gov.uk](mailto:Fiona.Murphy@midlothian.gov.uk)

**Background Papers:**

Appendix 1: Managing Performance: Are you getting it right?