

Public Document Pack

Date of meeting Monday, 23rd April, 2012
Time 7.00 pm
Venue Training Room 2. Civic Offices, Merrial Street,
Newcastle-under-Lyme, Staffs ST5 2AG
Contact Geoff Durham

Transformation and Resources Overview and Scrutiny Committee

AGENDA

PART 1– OPEN AGENDA

1 DECLARATIONS OF INTEREST

To receive Declarations of Interest from Members on items included in the agenda

2 MINUTES OF PREVIOUS MEETINGS (Pages 1 - 8)

To consider the minutes of the previous meetings of this Committee held on 18 and 25 January, 2012

NOTE

The previous meeting of this Committee held on 28 February, 2012 was not quorate and Members agreed that a further meeting be arranged once the Performance Management Working Group and Constitution Working Party had met.

It was agreed that the Action Report, provided by the Democratic Services Manager, be brought to every future meeting as a reference document.

3 REVIEW OF THE CONSTITUTION

To receive a verbal update on the review of the Council's Constitution.

4 Performance Management Review - Report of the Working Group (Pages 9 - 24)

5 URGENT BUSINESS

To consider any business which is urgent within the meaning of Section 100B (4) of the Local Government Act 1972.

Members: Councillors E Shenton (Chairman), A Beech (Vice-Chair), S Blair, Y Burke, A Fear, G Snell, J Taylor, J Walklate, P Waring, I Wilkes, R Slater and E Bates

'Members of the Council: If you identify any personal training / development requirements from the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Committee Clerk at the close of the meeting'

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

TRANSFORMATION AND RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 18th January, 2012

Present:- Mrs Shenton – in the Chair

Councillors A Beech, Y Burke, Fear, Snell, Taylor, Waring, I Wilkes, Bates and F Myatt

1. APOLOGIES

Apologies were received from Cllr Jones, Cllr Nixon and Cllr Mrs Walklate.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETINGS

That the minutes of the meeting held on 2nd November 2011 be agreed as a correct record.

4. REVENUE AND CAPITAL BUDGETS 2012/13

The Committee received a report on the completion of the revenue and capital budgets for 2012/13 following agreement of the 5 year Medium Term Financial Strategy.

The report had been to Cabinet that morning where it had been agreed that a 0% increase in Council Tax be recommended. It was stated that all expenditure was under control but there were some areas where income was down such as land charges fees, planning fees and car parking fees. It had been predicted that all of these areas would be affected by the economic situation and an allowance of £200,000 had been included in the budget to take account of it. Further allowances had now been made for the shortfalls following clear identification of the affected areas and actions had been taken to reflect them in the MTFS such as a reduction in the anticipated income from land charges,

There was a 'gap' for 2012/13 of £2.621m and a number of proposals had been identified to bridge it which would leave a deficit on the draft budget of £523,000.

The question was raised as to whether there were areas in the MTFS that had led to the deficit or whether the primary cause was a shortfall in government funding. It was stated that one reason for the shortfall were the holding costs for Jubilee 1 and Knutton Recreation centre and a rule change that had come into law regarding empty properties, this had been taken into consideration for 2012/13. There was however still uncertainty regarding how long the holding costs would be paid for as they were dependant on how the sites were classed, what they were used for and how long they remained the property of the Council. It was as yet uncertain how long Knutton Recreation Centre would remain operational and it was confirmed that only the outdoor football area was currently being used with staff employed to cover this

activity only. The timing and nature of any full closure would be dependant on the outcome of public consultation exercises.

The Committee questioned whether steps were being taken to increase income to the Council. Promotional activities were due to start to help promote car parking in the Borough through improved signage and the marketing and promotional plan for Jubilee 2 would kick in from April 1st 2012 and would be closely monitored. Members stated that they would need to monitor both of these areas closely.

The Committee discussed the restructurings that had recently been undertaken in the Council and those that were still ongoing and proposed. Members requested clarity regarding how many actual jobs were included in the 60 FTE jobs that had removed from the Councils structure; it was agreed that information regarding this provided in writing to Committee Members.

It was reported that £30,000 savings in energy costs had been made through the re tendering of contracts to fixed rates through partnership working with the County Council and the new procurement framework.

Clarity was requested regarding the energy costs that would need to be met when the new tenants moved into the Civic Offices and information was sought regarding how these costs would be calculated. It was stated that costs would be allocated depending on the proportion of floor space occupied by the tenants and that negotiations were still ongoing with the police due to the fact that they would be using the premises seven days a week, 24 hours a day. There would be no additional costs for the Borough Council.

Concerns were raised by Members regarding the impact that a 0% increase in Council Tax this year could have on future year's budgets due to the grant from the government being a one off. There was however no suggestion that there should be an increase in the rate of Council Tax. Officers confirmed that in order to receive the grant from Government no increase in Council Tax could be made.

The Committee queried whether there had been further areas of potential savings that had been identified in the Service Reviews in 2010 that had not been followed up or that could still be addressed. Officers agreed to provide further details of these in writing for the next meeting.

The Committee queried section 7.4 of the report which referred to the need to top up the Insurance Fund by £120,000. Members questioned why the fund needed to be increased. Officers agreed that a written answer regarding this be provided to Members of the Committee.

The Committee requested that further information was required to enable Members to fully evaluate the budget proposals and it was agreed that the 100 page 2011/12 budget book be circulated electronically to the Committee.

The Committee thanked Officers for having provided a comprehensive and well written report.

Resolved: (a) That the following written response be provided to Members prior to the next meeting on Wednesday 25th January 2012:

- I. A Breakdown of the Full Time Equivalent Posts Job Savings.
- II. A list of the outstanding items from the Budge Service Reviews in 2010.

III. Information regarding the need to top up the insurance fund.

(b) That the comments of the Committee be put forward to Cabinet

5. SCALE OF FEES AND CHARGES 2012/13

A report was submitted informing the Committee of the proposed scale of fees and charges to apply from 1 April 2012.

Attention was drawn to section 2.6 of the report regarding the open market fees which at present covered the cost of providing the market. Due to the current financial climate it was not proposed to increase the fees for the upcoming year.

Resolved: That the information be received

6. CAPITAL STRATEGY

A report was submitted informing the Committee of the Capital Strategy that had been considered by Cabinet that morning.

It was agreed that the Chair of this Committee be invited to comment on the Capital Strategy at the Council meeting on 22nd February 2012.

Resolved: That the report be noted.

7. CIVIC OFFICES - UPDATE (JANUARY 2012) ON PARTNER CO-LOCATIONS

The Committee received a report updating it on the co-location of partners in the Civic Offices.

Concerns were raised regarding the use of the car park to the rear of the Civic Offices by the Police. It was confirmed that a disproportionate amount of the space would be let to the Police but that this would be compensated for monetarily. Any displaced staff would be able to park on the Midway or King Street car parks free of charge.

Resolved: That the information be received.

8. TREASURY MANAGEMENT STRATEGY 2012-13

A report was submitted requesting the Committee consider and scrutinise the Treasury Management Strategy for 2012/13, including the prudential Indicators, Investment Strategy and Minimum Revenue Provision Strategy contained within it.

It was confirmed that the last training as referred to on Pg 43 had taken place in 2010 and that further training would be organised following the elections in May 2012.

Resolved: (a) That the Committee approve the strategy for submission to Full Council on 22nd February 2012.

(b) That the current contract with Sector Treasury Services Ltd be extended for a further 12 months.

9. ASSET MANAGEMENT STRATEGY

The Committee considered the Asset Management Strategy that had been reported to Cabinet that morning.

The Asset Management Strategy sought to provide a robust and formal approach to the management and use of the Council's land and property assets. The strategy was a working document and did not go into any specific details regarding sites or properties. Members queried whether the Council currently owned any premises that could be disposed of; it was stated that this was a consideration that was constantly under review and that each site or premise was judged on an individual basis.

Resolved: That the information be received and that Cabinet be informed that the Committee had no further comments regarding the report.

MRS SHENTON
Chair

TRANSFORMATION AND RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 25th January, 2012

Present:- Mrs Shenton – in the Chair

Councillors A Beech, Y Burke, Fear, Snell, Taylor, J Walklate, Waring,
I Wilkes, R Slater and Bates

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. REVENUE AND CAPITAL BUDGETS 2012/13

At its meeting on 18th January 2012, the Committee had requested that the following additional information be provided in writing:

- A breakdown of the full time equivalent posts job savings.
- A list of the outstanding items from the budget service reviews in 2010.
- Information regarding the need to top up the insurance fund.

Officers had distributed a briefing note regarding the above prior to the meeting. The number of full time and part time jobs that had been taken out of the budget over the last 6 years equated to a total of 78 posts which was equal to 65 full time posts. Members thanked officers for this information and recommended that this detail always be provided in future reports.

There had been 49 actions which formed the basis for efficiencies and savings for both the 2011/12 and 2012/13 financial years of which 43 were now complete. The question was as to whether the Council considered opensource software when consolidating IT contracts; it was confirmed that all areas were investigated including opensource.

The insurance fund was used to fund administration and premiums whilst the costs for settling claims were met from a separate fund. The fund balance had been reducing for a number of years owing to several factors such as the increasing costs of premiums and normal inflationary increases in administrative costs. Income to the fund came from the General Fund Budget and this contribution had not been increased over the last four years. The fund would continue to be monitored during 2012/13.

Resolved: (a) That the Chair of the Overview and Scrutiny Committee attend the Cabinet meeting on 1st February 2012 to feed back comments regarding the Revenue and Capital Budgets 2012/13.

(b) That in the future more detail as highlighted above be included in the original report.

3. PERFORMANCE MANAGEMENT REVIEW UPDATE

The Committee received a presentation from the Head of Business Improvement and Partnerships regarding the ongoing performance management review.

The proposed outcomes of the review were as follows:

- To establish a performance management framework which is systematic, effective, easy to understand and use.
- To ensure that this framework assists in the delivery of positive results in key areas of Borough life – economy, health and quality of life.
- That the framework highlights areas of under performance and helps to shape the Council in providing services and work effectively in partnership with others.

A working group had been set up to help deliver these outcomes and was currently developing outcome measures, success measures and considering value for money and personal performance management. A more detailed report would be presented to the Committee at its meeting on 28th February 2012.

Resolved: That the progress of the working group be noted

4. REVIEW OF PROGRESS IN DELIVERY OF THE SUSTAINABLE PROCUREMENT STRATEGY AND ACTION PLAN 2011-2013

A report was submitted updating the Committee on the delivery of the Sustainable Procurement Strategy and Action Plan which had been approved by Cabinet in July 2011.

The procurement review was split into three sections, 'strategic', 'routine', 'operational' and 'tactical'. Strategic work had commenced across a range of areas such as accommodation, printing and the ongoing development of document and records management.

Work was also continuing with the V4 organisation (funded by the IEP). V4 had submitted the first draft of the Health Check and Opportunity Summary report which once amended and reviewed by EMT would form part of a final report to IEP WM before being presented to the Staffordshire CO's Group.

Work had also commenced in rolling out a programme of procurement briefings for Council staff.

Work with the 'My Tenders' web portal was also ongoing which linked to 'Contracts Finder' (the central governments preferred platform for advertising below EU threshold contract opportunities). Work was also ongoing with Communications to introduce a 'contract opportunities page' to the Council's website.

The question was raised as to whether the granting of tenders was based on financial factors only or whether social factors could also be taken into consideration. Officers confirmed that tenders were awarded based on a 2 stage criteria, the first stage of which was mainly financial but the second stage of which could include social considerations.

Members requested that a copy of the slides from the procurement briefings be provided to the Committee and that the Business Improvement Manager attend a future meeting of this Committee.

Resolved:

- (a) That the contents of the report be noted.
- (b) That the Business Improvement Manager attend a future meeting of the Committee to provide a further update.
- (c) That a copy of the procurement briefing slides be distributed to Members of the Committee.

5. FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER TWO (SEPTEMBER) 2011

A report was submitted regarding the Financial and Performance Review for the 2011/12 Second Quarter which had been considered by Cabinet in November 2011.

A query was raised as to why the target for CA2 had been reduced. Officers stated that they would look into this and report back to the next meeting.

Resolved: That the contents of the report be noted.

6. FUTURE COMMISSIONING FOR THE VOLUNTARY AND COMMUNITY (THIRD) SECTOR

A report was submitted to update the Committee on recommendations agreed by Cabinet on 18th January 2012.

Various stakeholders included in the ongoing Third Sector Commissioning Framework internal engagement process had highlighted the ongoing need for a range of services which included the provision of debt benefits and consumer information and advice, rough sleeper outreach, domestic violence support, young persons homelessness advice and infrastructure support services.

It was suggested that funding for two services be discontinued; funding levels permitting, and that two new services be established and monies found for the return of a previously run service. It was also recognised that this was not a good time to go out to the market place to commission but that there was a need for continuity of service. It was confirmed that risk assessments and equality impact assessments were carried out as part of the commissioning process.

Resolved: That the report be noted.

7. FORWARD PLAN FOR THE PERIOD COVERING JANUARY - APRIL, 2012

The Committee discussed its current work plan and considered the items listed in the forward plan for January 2012 to April 2012.

Resolved: That the information be received.

8. URGENT BUSINESS

MRS SHENTON
Chair

PERFORMANCE MANAGEMENT REVIEW – REPORT OF THE WORKING GROUP

Submitted by: Head of Business Improvement and Partnerships – Mark Bailey

Portfolio: Customer Services & Transformation

Ward(s) affected: All

Purpose of the Report

This report outlines the ongoing process of review of the Council's performance management framework, as reported to the Committee in November 2011 (also see the Scrutiny Brief at Appendix A). The review's initial findings have been further considered by the Performance Management Review Working Group (established by the Transformation and Resources Overview and Scrutiny Committee in November 2011). The Working Group has met on a number of occasions since then, supported by the Head of Business Improvement and Partnerships. This report sets out the work of the Group so far and also sets out a series of recommendations by the Group in taking the review process forward on behalf of the Council.

Recommendations

- (a) That the Committee notes the contents of this report.
- (b) That the Committee considers the following recommendations from the Performance Management Working Group:-
- (i) To develop a Borough Plan (made up of inputs from all partner agencies), using the newly developed Newcastle Partnership structures and processes to establish a dialogue with partners and also ensuring that partners are included in the next corporate planning process due to get underway by NBC in May 2012.
 - (ii) To work with Staffordshire County Council in order to better understand the processes they went through in developing priority outcomes and also in developing Outcome Plans.
 - (iii) Using the lessons learnt by the County Council (and also elsewhere) to develop a set of outcomes for the Borough Council, together with supporting planning, measurement and reporting processes.
 - (iv) To work towards a process of joint delivery planning with partners, but – recognising the difficulties inherent in this process – to seek to ensure that existing service plans link more effectively with corporate strategies and plans, and with corporate priorities and outcomes.
 - (v) To continue to review the existing performance indicators and success measures collected, measured and reported by the Council with a view to ensuring that they measure and report outcomes, not activity.
 - (vi) In reviewing these indicators and measures, to note work being done elsewhere in the Borough Council and also in partner organisations and to ensure that all work is co-ordinated.
 - (vii) To request that, following completion of the 2012/13 service planning process, that a revised dashboard is developed which takes note of the points raised by the Working Group.
 - (viii) To request that the corporate planning process for 2013/14 seeks to develop an outcome-based approach as outlined in this report and reflects this approach in the development of appropriate measures and indicators as outlined by the review process above.

- (ix) To instigate greater working with partners in the reporting of performance information, in order to reflect the benefits (and otherwise) of partnership working.
- (x) To work on a clear focus on outcomes and the impact of activity on these outcomes in reports produced on performance, including greater contextual information in performance reports.
- (xi) To request more timely reports on performance coming to scrutiny in the future, so as to avoid to great a gap in time between reports being considered by Cabinet and by Scrutiny Committees.

(c) That the Committee, following consideration, approves these recommendations for further consideration by Cabinet.

(d) That the Committee approves the continuation of the Working Group into the 2012/13 municipal year, reflecting the work already done and also the work still to do in implementing the recommendations of the original review.

Reasons

Following the abolition of the Comprehensive Area Assessment (CAA), the Local Area Agreement (LAA) and the dismantling of the national performance framework since May 2010, there is an acknowledged need for the Council to re-evaluate its existing performance framework to ensure that it is fit for purpose in the medium- to long-terms. In order to undertake this evaluation, the Audit Commission were approached to undertake a review of the performance management framework of the Council. This review as carried out during September and October 2011, with support from Business Improvement & Partnerships. This report updates the Committee on the work done by the Performance Management Working Group on key aspects of the review and sets out the recommendations developed by the Working Group for consideration by the O & S Committee.

1. Background

- 1.1 Members will recall that a report was presented to the Transformation and Resources Overview and Scrutiny Committee on 2 November 2011 setting out the details of the review of the Council's performance management arrangements carried out by Phil Morgan (then of the Audit Commission) in conjunction with the Head of Business Improvement and Partnerships.
- 1.2 The review was commissioned by the Council following key changes nationally to the performance management framework, including the abolition of the Comprehensive Area Assessment (CAA) and Local Area Agreement (LAA) and significant changes to national indicators, as well as the re-focusing of the Audit Commission away from performance responsibilities and back to a more traditional audit function.
- 1.3 As said previously, the net result of these changes is that councils generally have a 'free hand' with which to organise their own performance frameworks, but with the important caveat that reductions in resources and increasing public expectation mean councils – more than ever – are being expected to deliver positive outcomes to the benefit of their community.
- 1.4 Faced with these challenges, NBC came to the conclusion that the council's existing performance management framework needs to be reviewed, in order to establish whether it is fit for the purpose in establishing key outcomes are for the community of the Borough and measuring whether these outcomes are actually being delivered. These issues were encapsulated in a scrutiny brief, which is included at Appendix A.

- 1.5 The review itself took place between September and October 2011, and featured a range of primary and secondary pieces of research and analysis, together with use of information from other authorities in terms of how they have addressed similar challenges.
- 1.6 Overall, the review concluded that NBC has a performance management framework which is roughly in line with many other local authorities and has been relatively successful in driving up levels of performance.
- 1.7 The review also concluded, however, that the existing framework does not adequately identify or measure outcomes and – instead – focuses almost entirely on activity and outputs, rather than the impact the Borough Council’s work is having on the people and communities we serve and represent.
- 1.8 The review also came to the conclusion that more could be done around the value for money agenda (relating costs to levels of performance), as well as the role to be played by partnership working in the delivery of positive outcomes for the Borough (it was argued that better links could be developed to make better use of joint resources).
- 1.9 Finally, and on a positive note, the review recognised that there are a number of positives in place which can be built on by the Borough Council and its partners in seeking to develop an outcome-based framework across the public sector as a whole. These strengths included: -
- A good basic understanding of outcomes (even if this is not always translated into practice);
 - A culture of focusing on measurement and reporting of performance as a basic part of service delivery and development; and
 - A clear desire on the part of the organisation to challenge itself and develop new ways of managing performance in order to keep it relevant, vital and effective
- 1.10 Following consideration and discussion of the review and its potential implications for NBC, the Transformation and Resources Committee agreed to establish a Member Working Group, which would look – in more detail – at the key areas identified by the review process. The full list of areas identified by the review was: -
- Corporate Plan/Priorities
 - Delivery Planning
 - Success Measures and Indicators
 - Value for Money (VFM)
 - Project Management
 - IT systems
 - Personal Performance Management
 - Reporting
- 1.11 It was envisaged by the review that each of these areas would form the building blocks for the development of a ‘new’ performance management framework for NBC, and it is these areas which have formed the basis for the Working Group’s work programme.
- 1.12 It was further agreed at the meeting in November 2011 that the Working Group would report back to the full Transformation and Resources Overview and Scrutiny Committee with recommendations for changes and further work.

2. Recommendations of the Working Group

2.1 Since its formation, the Working Group has met on a number of occasions, supported by the Head of Business Improvement and Partnership, and other staff in the service.

2.2 The Group's membership has consisted of the following: -

Councillor Mrs E Shenton (Chair)
Councillor Mrs A Beech
Councillor A Fear
Councillor G Snell

2.3 As said, the focus of the work programme for the Group has been the key areas identified by the review, and set out in the previous section of this report. These will now be addressed in turn.

Corporate Plan/Priorities

2.4 The initial review concluded that:-

- The Borough Council's four corporate priorities currently in place are clearly stated in the Council's Corporate Plan, but there is no sense – according to the review – of whether these are simply council priorities or Borough priorities.
- The review questioned whether the Corporate Plan reaches out to the Borough as a whole, given the fact that it articulates ambitions which can only be delivered with assistance from key local partners.
- Priorities are also developed with partners via the (former) Local Strategic Partnership and in the Sustainable Community Strategy but – as the review recognises – it is not clear what can be achieved by having effectively two sets of priorities in this way.
- The review noted that the Corporate Plan has a “good approach” to setting outcomes which make the priorities more specific, but these are of “mixed quality” in that not all are measurable, not all link with the priorities and not all are sufficiently robustly linked to specific success measures.
- Most staff are aware of the Council's priorities, but not all have fully bought-in to them and some have a low level of understanding of how the priorities fit in with their day-to-day work.
- Finally, according to the review, the approach of setting out the Corporate Plan by portfolio, rather than priority, has both strengths and weaknesses. The key strength is that accountability is clear for overall delivery, but the key weakness is that it makes it difficult to follow the link from priorities, through the more specific desired outcomes to the success measures and proposed activities.

2.5 In dealing with these perceived areas of challenge, the review made suggestions for further consideration: -

- To potentially move from a Council-focused approach to corporate planning to an approach which involves key partners - to produce a 'Borough Plan' rather than a Corporate Plan to show how all the key partners could plan to work together to address common issues and challenges.
- In developing a Borough Plan, a jointly agreed set of priorities could be established and could also be linked to a manageable set of desired outcomes which clearly state the specific set of improvements that partners want to bring about. These

outcomes, in turn, should be easily measurable and should be linked to a set of success measures and indicators.

- The review further notes that – in adopting this approach – there may be a need to identify those issues and activities which fall under the Council only. If the priorities are developed and designed well, however, this list should be a relatively small one.
- In developing these new approaches, the review recommends that early discussions should take place between partners regarding any potential barriers to this proposed approach so that these can be dealt with at the outset.

2.6 The Working Group has considered these issues, and has received a number of presentations including one from the Borough Council's Partnerships Manager on the development of the Newcastle Partnership (formerly the Local Strategic Partnership).

2.7 In this presentation, the Working Group was updated on a number of key developments undertaken by the Council and its partners, following an extensive review of its own. These included: -

- The agreement of a single vision for the Partnership – “Newcastle communities together, securing a prosperous future”.
- The identification of, and agreement on, two priorities for the Partnership – tackling vulnerability and promoting economic growth.
- The removal of the existing governance and meeting structures and replacement by a single Newcastle Partnership Strategic Board, made up of a number of key partners such as Police, Fire, Staffordshire County Council, health bodies, business representatives, housing providers and the Borough Council itself.
- The Strategic Board will be supported by three main strands of work – the Locality Action Partnerships (LAPs); a series of key operational groups (such as the Joint Operations Group); and a series of task and finish/project groups (to be developed based on the key issues identified via research/collaborative work and focused on the two priorities identified above.

2.8 These changes to the way partnership working is organised in the Borough will be confirmed at the first meeting of the Strategic Board on 26 April 2012. The work carried out reflects a clear intention, as articulated, by all partners to move away from meetings and to move towards greater collaboration around the delivery of key areas of work in the area.

2.9 The Working Group noted this progress and felt that, in light of the work being done, a move towards developing a Borough Plan, as outlined by the review, should be undertaken. In so doing, however, the Group noted strongly that such a process will be a difficult one and it may be that a series of stages of development would need to be put together to fashion the Plan.

2.10 In addition to these developments, the Working Group also considered information on other organisations in the public sector and how they have addressed some of the issues under consideration in the Borough Council's own review of performance management. In so doing, the Group noted work done by Staffordshire County Council and also Staffordshire Fire and Rescue.

2.11 In the case of the County Council in particular, the Group noted that the Council has agreed a series of 'Priority Outcomes' around four main priorities.

2.12 The County Council's priorities currently are: -

- Improving Staffordshire's economy and prosperity specifically supporting businesses and creating jobs;
- Proving support to older people, children at risk of abuse or neglect, children or adults with disabilities and/or illness, who may need care and support;
- Improving the safety of our communities by reducing the level and fear of crime; and
- Improving Staffordshire's highway and transport network

2.13 Underpinning these priorities, the County Council has developed – as said – a number of priority outcomes. These are: -

- Staffordshire's economy prospers and grows, together with the jobs, skills, qualifications and aspirations to support it.
- Staffordshire is a place where people can live safely – increasingly free from crime, the causes of crime and the fear of crime.
- In Staffordshire's communities people are able to live independent and safe lives, supported where this is required.
- Staffordshire is a place where people live longer, healthier and fulfilling lives.
- Staffordshire's young people can get the best start in life and receive a good education, so that they can make a positive contribution to their communities.
- Staffordshire is a place where people can easily and safely access everyday facilities and activities through the highways and transport networks.
- Staffordshire's communities can access, enjoy, and benefit from a range of learning, recreational and cultural activities.
- Staffordshire's people are involved in the shaping the delivery of public services.
- Staffordshire's communities are places where people and organisations proactively tackle climate change, gaining financial benefit and reducing carbon emissions.
- Developing a 'One Council' approach to support services.

2.14 All these priorities and outcomes are contained within the County Council's Strategic Plan for 2012-17 and will be delivered via a set of Outcome Plans.

2.15 For each outcome, updates are provided for Members on a quarterly basis in the form of performance reporting.

2.16 The Working Group noted this information and – whilst seeking more information from the County Council on the process they went through in developing these approaches – saw a number of benefits in the County Council approach, including the identification of key outcomes, the development of plans to support each outcome (together with the appropriate performance measures in place), and the reporting of performance based on these outcomes.

2.17 Overall, therefore, under this heading, the Working Group recommends: -

- The development of a Borough Plan, using the newly developed Newcastle Partnership structures and processes to establish a dialogue with partners and also ensuring that partners are included in the next corporate planning process due to get underway by NBC in May 2012.
- Working with the County Council in order to understand the processes they went through in developing priority outcomes and also Outcome Plans.
- Based on the lessons learnt by the County Council and also elsewhere, developing a set of outcomes for the Borough Council, together with supporting planning, measurement and reporting processes.

Delivery Planning

- 2.18 The review recognised that the basis for delivery planning at present for NBC is the Service Plans and made a number of observations, including: -
- Provision of a structure and focus for individual staff, who feel that they are a key part of the process. Plans were also seen by the review as well developed and clear with good information contained within.
 - Service Plans, however, are not well-placed to serve as delivery plans for priorities and outcomes. They are developed as very service focused, rather than being corporate, and links between Service Plans and the four priorities are not always clear and partnership links are often not covered in enough detail.
 - Service Plans do not always fit well in all cases and there are not enough clear links between corporate strategies and priorities/Service Plans.
- 2.19 In addressing these issues, the review asked whether the Council should continue with the existing approach it has to service planning.
- 2.20 If the decision is to continue, then:-
- Better links need to be developed between Service Plans, corporate priorities and relevant success measures so that the Plans can be effective delivery vehicles for the priorities.
 - Further integration needs to take place between corporate strategies and Service Plans.
- 2.21 The alternative to continuing with the existing system is to develop joint delivery models with partners, designed to implement jointly agreed priorities and desired outcomes. Such plans would need to contain jointly agreed success measures, indicators and targets.
- 2.22 Finally, consideration needs to take place on the tracking of activities which fall outside joint delivery plans. This 'residual service activity' would be limited to those issues which do not relate to jointly agreed priorities.
- 2.23 The Working Group did consider the issues around delivery plans and service plans, as outlined above. Again, examples were considered from elsewhere as part of the wider discussions around corporate planning as set out in the previous section of this report.
- 2.24 The recommendation from the Working Group in this area is: -
- To work towards a process of joint delivery planning with partners, but – recognising the difficulties inherent in this process – to seek to ensure that existing service plans link more effectively with corporate strategies and plans, and with corporate priorities and outcomes (a process which has already got underway with the development of service plans in NBC for 2012/13)

Success Measures and Indicators

- 2.25 The review recognised that good progress has been made by NBC in recent years on setting success measures and developing indicators to report against activity. These measures have tended to be based on the national indicator set and a number of local performance indicators.

- 2.26 A process has begun in recent times, as Members will be aware, of assessing the range of success measures and indicators used by the organisation to distinguish between those which provide management information and those which help measure outcomes.
- 2.27 Overall, the review concluded that:-
- Too many of the existing success measures are designed only to measure activity and outputs, not outcomes - they measure quantity and have no information on the impact on quality of life for residents.
 - There are few ways to measure progress against outcomes as the organisation is – in the main – measuring activity.
 - Information on performance is not disaggregated into any key variables such as age, place, ethnicity or gender. This means that the same things are being measured across the Borough regardless of any specific issues being faced in local areas by residents. This is despite the fact – as recognised by the review – that service area often designed based on local factors such as these.
- 2.28 The review further stated that the key challenge is to develop success measures which enable the Council and partners to quantify the impact the public sector is having on desired outcomes.
- 2.29 The review recommends, therefore, that: -
- Success measures become more qualitative (providing information on the difference activity is making rather than simply recording the level of activity).
 - In some cases, quantitative measures, especially in cases of long-term issues such as life expectancy, are still appropriate.
 - Some success measures will need to be disaggregated where it is felt to be sensible to do so. Knowledge of Members and officers in key areas of work will assist in this process.
 - Joined up ways of receiving customer feedback with partners would be a useful approach to developing the impact of services and the delivery of desired outcomes.
- 2.30 In addressing this area of the review, the Working Group has analysed and discussed both the existing performance dashboard and also the wider set of indicators and measures used by the Council as part of service and corporate planning.
- 2.31 In doing so, the Working Group identified a number of existing indicators and measures which it felt could be developed further and which would need to be developed as outcomes are identified as part of the corporate planning process. In a number of cases, the Working Group felt that (to echo the review) only activity was being measured and also questioned the lack of contextual information in some cases which, it was felt, would help Member's understanding of the issues being considered when it comes to the quarterly Financial and Performance Report.
- 2.32 Examples of indicators currently part of the dashboard where issues were identified by the Working Group included: -
- Safer and Stronger indicators – e.g. anti-social behaviour – the Working Group recognised the clear importance of these issues, but also questioned whether this information was reported elsewhere (e.g. the Partnership Strategic Board) and whether more detailed information could be provided to NBC Members in this area of work.

- The Working Group felt that some of the Regeneration and Planning indicators could benefit from more context, such as the % of investment portfolio indicator – some further information on numbers and background would be welcomed.
 - In terms of the Environment and Recycling indicators, it was felt by the Working Group that some further context or trend data would aid understanding – for example, the information provided on the number of food business inspections.
- 2.33 In analysing these indicators and success measures, the Working Group has acknowledged – in line with the review findings and recommendations – that an outcome focus would be beneficial, as would greater links with partners in the collation and presentation of the information.
- 2.34 No significant consideration was made, however, by the Working Group of the issues around disaggregation of information on performance as outlined above.
- 2.35 In this area, the following recommendations are offered, therefore, by the Working Group: -
- To continue to review the existing performance indicators and success measures collected, measured and reported by the Council with a view to ensuring that they measure and report outcomes, not activity.
 - In reviewing these indicators and measures, to note work being done elsewhere – for example, the work being done in developing Safer and Stronger indicators via the process of formulating the Council’s Stronger and Safer Strategy 2012-2017 (as considered by Cabinet in March 2012) – and to ensure that all work is co-ordinated.
 - To request that, following completion of the 2012/13 service planning process, that a revised dashboard is developed which takes note of the points raised by the Working Group.
 - To request that the corporate planning process for 2013/14 seeks to develop an outcome-based approach as outlined in this report and reflects this approach in the development of appropriate measures and indicators as outlined by the review process above.

Reporting

- 2.36 The review recognised that NBC has developed a detailed approach to reporting on how the Council is working to implement desired outcomes and deliver on key priorities, including the development of an annual report style, which was noted as a positive development by the review.
- 2.37 Despite this, a number of issues were raised by the review about reporting:-
- Not being sufficiently focused on priorities, with too much reporting on activities and not enough on outcomes (the result of not setting outcome-focused success measures in the first place and the mixed quality of existing desired outcomes).
 - The NBC Annual Report is seen as being too much about activities, with the result that local people are not able to assess the impact of activity on quality of life.
 - Reporting does not always demonstrate how poor or under-performance is being dealt with;
 - Despite good examples being in place of how performance data has helped to inform resource re-allocation and allocation, but the review argues that there is no consistent approach to this.
- 2.38 In meeting these challenges, the review proposes:-

- A joint partnership approach to reporting changes in the quality of life in the Borough – making the link between activity and outcomes (“we did x and there are now more/fewer y as a result”).
 - Reports could still identify the success of individual organisations, but would clearly show how partnership activity has helped deliver outcomes.
 - Reports should include disaggregated data where possible and where relevant and a more consistent approach to dealing with performance issues should be set out.
 - Performance should be clearly linked with resource allocation and protocols should be set up to deal with this.
- 2.39 The Working Group did consider some aspects of performance reporting, as part of wider discussions already summarised in this report on the development of outcomes and greater planning and working with partner organisations.
- 2.40 The Working Group felt that greater input from partner organisations in the performance management process of the Borough Council would be beneficial as it would assist in greater understanding from Members of the issues underpinning indicators and measures being reported on and in key areas – e.g. reporting of crime issues – this would clearly signal the benefits of partnership working.
- 2.41 The Working Group did not consider in any detail the issues of disaggregated reporting of performance information or links between performance and resource allocation.
- 2.42 The following recommendations are put forward by the Working Group: -
- Greater working with partners in the reporting of performance information, in order to reflect the benefits (and otherwise) of partnership working;
 - A clear focus on outcomes and the impact of activity on these outcomes – as reflected in the rest of the review – in reports produced on performance, including greater contextual information in performance reports;
 - The Working Group also requested more timely reports on performance coming to scrutiny in the future, so as to avoid to great a gap in time between reports being considered by Cabinet and by Scrutiny Committees

3. **Other Review Areas & Next Steps**

- 3.1 The above summary and recommendations reflect the work done thus far by the Working Group. In the remaining areas of focus, work still needs to be done by the Group. These remaining areas consist of the following: -
- Value for Money (VFM)
 - Project Management
 - IT systems
 - Personal Performance Management
- 3.2 In addition to this list, some other areas still have other work to complete, including:-
- Approaches to developing outcomes – work with Staffordshire County Council and other relevant organisations, including developing plans, measures and reports.
 - Review of the existing dashboard and development of a corporate/Borough Plan for 2013/14.
 - Development of disaggregated performance data.
 - Linking resource allocation with performance in terms of reporting.
 - Reviewing the role of the service planning process.

3.3 In the remaining areas listed above, Members will recall that a number of observations and recommendations were offered by the review. These included: -

Value for money

- NBC has developed good approaches to Value for Money (VFM) at the corporate level. Assessment of efficiency savings has been made and these have been compared with improvements in performance in specific service areas, including use of benchmarking clubs.
- Need more focused management of VFM in service areas across the council. Performance is reported alongside finance, but this does not bring together cost and performance to show the return the Council is getting in specific service areas for the investment being made.
- The challenge is to develop a focus on VFM in terms of the return on investment.
- Need to develop better understanding of VFM across the Council involving the identification of a small number of service areas where VFM measurement could take place based on current levels of spending compared to current level of performance. Targets could be set to improve these different aspects in various ways – e.g. developing the same level of service at a reduced cost. This could then be reported to local people in order for them to see if they are getting more for their money on a year by year basis.
- Longer term approaches to VFM could be considered – for example, investment in capital projects and the impact on quality of life of this investment.
- Approaches could be considered to working with partners in collectively dealing with VFM issues on a joint basis.

Project Management

- Links are uneven at present between projects/programmes and performance management. As a result, activity and outcomes have not always been reported consistently as the collection and monitoring of project activity has often fallen outside the performance management framework. This position is improving, however, and the review recognises this.
- Key challenge from the review is to ensure that all projects and programmes are firmly linked into the performance management framework. The review recommends that all project activity should be included in delivery plans (if approved) or the joint delivery plans outlined above (or in service plans if that is the method to be used in either the short or longer term).
- SMART desired outcomes should be included with each project and programme which will link with specific priorities. Joint projects with partners should be developed in this way.

IT Systems

- The review looked at the way in which IT systems help monitor, manage and report performance. IT systems have been used at NBC previously and this was noted by the review as being a positive process.
- Some staff, however, have indicated low levels of ownership and involvement with performance management systems.
- Key challenge from the review in this area is to decide on what role IT systems play in the development of performance management in the Council. It may be necessary to speak to partners to develop joint performance management systems.

Personal Performance Management

- The review assessed the personal appraisals system, in terms of how it links with the performance management framework. Only a relatively small number of staff were included in the review.
- The review concluded that the system is generally used well, but that links to priorities is not always clear and there is uncertainty amongst some managers about the impact of the appraisal process on overall corporate performance.
- The review suggested that more innovative ways may be considered to link individuals to priorities and desired outcomes, including moving away from a one-size-fits-all approach in order to give managers more discretion on how they manage performance.
- There may also be an option to use the appraisal system as a source of qualitative performance information not captured elsewhere. Some individuals may be able to provide information which helps in delivering a desired outcome.
- The review noted that moving to a 360 degree approach may increase motivation and staff buy-in.

3.4 As outlined in this section, therefore, a number of areas of work need to be started, as well as work which needs to be done in following up the Working Group recommendations set out in this report.

3.5 The Transformation & Resources Overview & Scrutiny Committee is asked, therefore, to agree to the continuation of the Working Group with a view to completing the next phase of work on the review during the 2012/13 municipal year.

4. **Options Considered**

4.1 Option A – to note the work done by the Performance Management Review Working Group and to approve the recommendations of the Group (Recommended). This option seeks to take forward the work done by the performance management review and work towards developing an outcome based performance management framework, one which recognises the issues faced by people in the Borough and seeks to improve these issues.

4.2 Option B – to note the work done by the Performance Management Working Group, but reject the recommendations put forward in this report (Not Recommended). This option runs the risk of stalling the review process and leaving the Borough Council with a performance framework which is not fit for purpose.

5. **Proposal**

5.1 It is proposed that Transformation & Resources Overview and Scrutiny Committee notes the contents of this report, (refer also to the scrutiny brief relating to this report where required – see Appendix A) and – in particular, the recommendations set out in the report from the Performance Management Review Working Group.

6. **Reasons for Preferred Solution**

6.1 The review of the Council's performance management framework is a key component in moving the organisation forward following changes to the national framework since May 2010.

6.2 Developing a new approach to performance management is key to responding positively to the challenge financial and legislative environment for the Council and its partners and

delivering positive outcomes via quality services for residents and others in the Borough as a whole.

- 6.3 A focus on delivering outcomes for the benefit of the Borough as a whole is a clear and agreed focus for the Council and its partners. It is envisaged that a newly developed performance framework will aid this process

7. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 7.1 The development of a performance framework is designed to develop measurable outcomes and robust planning and reporting processes.

8. **Legal and Statutory Implications**

- 8.1 These have been considered throughout the report and throughout the review process.

9. **Equality Impact Assessment**

- 9.1 An Equality Impact Assessment of the review will be completed following further input from Members and officers.

10. **Financial and Resource Implications**

- 10.1 There are no financial or resource implications at this time, although the implementation process may result in changes to existing processes.

11. **Major Risks**

- 11.1 The GRACE risk assessment for this work will be reviewed and the risks connected with implementing the review recommendations will be considered at the appropriate time.

12. **Sustainability and Climate Change Implications**

No direct implications at this time.

13. **Earlier Cabinet/Committee Resolutions**

- 13.1 Report on Performance Management Review to the Transformation & Resources Overview and Scrutiny Committee (November 2011)

14. **List of Appendices**

Appendix A – Performance Management Scrutiny Brief

15. **Background Papers**

None.

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Brief for Scrutiny

<p>Topic to be Scrutinised</p> <p>Review of the Council's Performance Management Frameworks</p>
<p>Questions to be Addressed</p> <ol style="list-style-type: none"> (1) What do the existing performance management frameworks cover and how do they work? (2) In light of the ongoing resource reductions affecting the council and the public sector generally, are these performance management frameworks still fit for purpose? (3) What changes need to be made to ensure that the council's priorities and ambitions are being realised, services are being delivered effectively, savings are being made where necessary and the quality of life in the Borough continues to improve?
<p>Outcome</p> <ol style="list-style-type: none"> (1) To establish a performance management framework which is systematic, effective and easy to use and to understand. (2) To ensure that this framework assists in the delivery of positive outcomes in key areas of Borough life – economy, health and quality of life generally. (3) That the framework both highlights areas of under-performance and also is an effective management tool to look forwards and shape the council in the future in order to provide services and work effectively in partnership with others to achieve success in all areas of work.
<p>Background Materials</p> <ol style="list-style-type: none"> (1) Existing performance and financial monitoring reports currently provided to Cabinet and scrutiny on a quarterly basis. (2) The Borough's Sustainable Community Strategy. (3) The Borough Council's Corporate Plan. (4) Other Borough Council plans and key documents. (5) Plans and strategies from key partner organisations and partnerships where relevant.
<p>Evidence and Witnesses</p> <ol style="list-style-type: none"> (1) Previous performance reports and information, including techniques of measuring. (2) Comparative information from national government and from other local authorities. (3) Data on need and perceptions from residents and other key cohorts. (4) Elected Members – to gain perspective on reporting techniques and opportunities for challenge, including Cabinet and scrutiny committee members. (5) Audit Commission representatives – to gain wider perspective on alternative approaches. (6) Key partners – examination of techniques for measuring partnership performance information and approaches designed to drive up levels of performance in this sense. (7) Key officers of the council.
<p>Method of Scrutiny</p> <ol style="list-style-type: none"> (1) Task and Finish Group – made up of Chair of Transformation and Resources Overview and Scrutiny Committee and other selected Members as a cross-

<p>section from scrutiny committees – considering the information set out above and reporting back to Cabinet and Scrutiny</p>
<p>Timetable</p> <p>Start date: 28 September 2011 – initial presentation to Transformation & Resources Dates of meetings: Task and Finish Meetings, to be confirmed Draft report: 2 November 2011 – Transformation and Resources Final report: 23 April 2012 – recommendations to Cabinet - TBC Report to Council: TBC</p>
<p>Constraints</p> <ol style="list-style-type: none"> (1) Availability of information on performance, following changes to the national framework for performance. (2) Assessing what an ‘outcome’ is – need to establish. (3) Availability of data in all areas, including health. (4) Limitations of partnership working, including capacity.
<p>Members to Undertake the Scrutiny</p> <p>Councillor Mrs Shenton Councillor Mrs Beech Others to be confirmed</p>
<p>Support</p> <p>Head of Business Improvement & Partnerships Business Improvement Manager Business Improvement Officer (Performance & Procurement) Audit Commission Chief Executive Executive Directors Heads of Service</p>
<p>Newcastle Borough Council Corporate Plan Priority Area(s)</p> <ul style="list-style-type: none"> • Creating a cleaner, safer and sustainable Borough • Creating a Borough of opportunity • Creating a healthy and active community • Transforming our Council to achieve excellence
<p>CfPS Objectives:</p> <ul style="list-style-type: none"> • Provides and critical friend challenge to executive policy makers and decision makers • Enables the voice and concerns of the public to be heard • Is carried out by independent governors who lead and own the scrutiny role • Drives improvement in public services
<p>Brief Approved by Overview and Scrutiny Co-ordinating Committee</p> <p>Signed Date</p>