

Development of an outcome-based performance framework for the Council

Submitted by: Mark Bailey, Head of Business Improvement & Partnerships

Portfolio: Communications, Transformation and Partnerships

Ward(s) affected: All

Purpose of the Report

To summarise the findings of the latest stage of the performance management framework review – report to be found at Appendix A – designed to focus on outcomes.

Recommendations

- a) That Cabinet notes the review findings as set out in the attached report (found at Appendix A of this report)
- b) That Cabinet offer any suggestions or changes to the proposals set out in this report where necessary
- c) That Cabinet authorise officers to use the framework to develop performance management across the authority in time for the reporting of the new framework at the next meeting of Cabinet in September
- d) That further reports are provided to Cabinet on performance, using the new framework as the basis for this information

Reasons

To implement a new outcome-focused performance management framework – one which recognises the key areas of concern for the Borough and how the Council will improve these areas via delivery of its services

1. Background

- 1.1 This report builds on the work already done by the Council in reviewing its performance management framework. A review was undertaken by the Audit Commission in October 2011, and findings were initially reported to the Transformation & Resources Overview & Scrutiny Committee in November 2011.
- 1.2 The review itself was instigated following the changes made to the national performance framework following the election of the Coalition Government in May 2010. Included in these changes was the reduction in national indicators, the ending of the Comprehensive Area Assessment (CAA) and Local Area Agreement (LAA) and the reduction of the role of the Audit Commission.
- 1.3 The overall result of these changes was that Councils have an opportunity to develop their own performance frameworks, albeit one which allows them to track the delivery of positive outcomes (i.e. the results of activity in key areas of life such as health, economy and safety) rather than merely recording the activity itself. Given the increasing reductions in resources and rising public expectations seen presently in local government, it is

imperative that performance measures what benefits the Council is providing for the Borough.

- 1.4 Based on these factors, therefore, the Council took the view that a new performance management framework was required – one which was reflective of local issues and one which focused on key outcome areas. To this end, a scrutiny brief was developed in September 2011 setting out the parameters of a review of the existing performance management framework of the Council.
- 1.5 Building on the brief, a review of performance management took place in September and October 2011, and was carried out by the Audit Commission. It was important that an independent review was carried out in order to encourage a dispassionate assessment of the existing position and also to bring in examples from elsewhere were required.
- 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. 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.
- 1.7 Despite these perceived shortcomings, 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
- 1.8 Following consideration and discussion of the review and its potential implications for NBC, the Transformation & Resources Committee agreed to establish a Member Working Group to examine the existing performance framework and which areas could potentially be changed.
- 1.9 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

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.

1.10 Following consideration by the Transformation & Resources Overview and Scrutiny Committee of the work of the Working Group in April 2012, a list of recommendations was agreed for further work. These were: -

- a). 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
- b) 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
- c) 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
- d) 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
- e) 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
- f) 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
- g) 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
- h) 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
- i) To instigate greater working with partners in the reporting of performance information, in order to reflect the benefits (and otherwise) of partnership working
- j) 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
- k) 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

1.11 This report focuses on those recommendations which relate to the development of an outcomes-based framework. Work is taking place in the other areas outlined above, but these are not the focus of this report.

1.12 In taking this work forward, an approach was made to Mazars, as the effective successor to the Audit Commission in this area of work. Phil Morgan, who did the original piece of work in September/October 2011 was commissioned to undertake this follow-up work and assist with the implementation of a new performance framework for the Council. To this end, he began work in June 2012 and has met with a number of key stakeholders in developing the new framework.

2. Issues

2.1 As said, the original review of performance management at NBC made a series of recommendations for change. Central to these recommendations was to develop a performance management framework which allowed for the measurement and reporting of outcomes – in other words, the impact the Council's work is having on the Borough and its residents, businesses and others.

2.2 As the attached report at Appendix A sets out, an agreement was reached for a framework to be developed against outcomes set out in the Corporate Plan and – liaising with EMT, Heads of Service and other managers – to draft templates for reporting against these outcomes and potentially linking these frameworks to those of key partners.

2.3 As before, the decision to use Mazars was taken because it allows for independence in the development of these frameworks and also the use of best practice where relevant.

2.4 It should be pointed out that the existing Corporate Plan for the Council is to be refreshed in order to, in part, recognise the proposed new framework and a further report will come to Cabinet in September 2012 in order to present the newly refreshed Plan.

2.5 A number of improvements to existing Council outcomes have been set out in the attached report, based on the notion that some of the existing outcomes were not fit for purpose. It may also be necessary to review aspects of the work the Council is doing in different areas to ensure that outcomes are being built into everything that is being done by the organisation.

2.6 In total, the 'new' outcomes being proposed are now 18 in number, and the templates contained within the attached report need to be completed with performance indicators which fit in with tracking their delivery. The indicators to be proposed may be ones already used by the Council, and also new ones not currently used. The challenge for managers is to identify the indicators most appropriate to measure the outcomes and the overall impact of the Council's work.

2.7 Other areas covered by this stage in the review and set out in the draft templates at the end of Appendix A, include the area of accountability – who is answerable for delivery and performance. At present, the Corporate Plan is organised on the basis of Cabinet portfolios. It is proposed that the newly refreshed Plan focuses on outcomes and is organised on the basis of outcomes. Under each outcome heading, a Cabinet Member and/or senior officer can be identified, but the focus will remain on the outcome itself.

2.8 Also included in the attached report and the templates proposed are issues such as: -

- Data quality – managers need to establish this
- Benchmarking – establishing other organisations to measure progress against
- Ownership – who owns the information
- Weighting – identifying to what extent each indicator assists in measuring the outcome in question

- Disaggregation – whether performance information needs to be (or can be) disaggregated on the basis of geography or along other dimensions

2.9 As the report points out, there are other considerations for the Council to address in embedding the proposed new framework. These include the setting of targets; the use of surveys to collect performance data; and the appropriate approaches to reporting performance information.

2.10 It is proposed that this new framework is implemented as soon as possible. As said, a newly refreshed Corporate Plan will set out the new outcomes contained in this report. Based on this change, these outcomes need to be populated with relevant indicators and also responsible officers need to be identified. This process will be started following this Cabinet meeting, with identified officers being asked to work on getting indicators in place. It is envisaged that all new indicators will be identified and included in the new framework by the end of quarter 2 at the latest.

2.11 It is proposed that the new framework will be used in the presentation of quarter 1 performance information at the meeting of Cabinet in September 2012. At this meeting, Members will be asked for feedback and changes will be made, if necessary, in time for the presentation of performance information for quarter 2.

2.12 As said, further work is ongoing in relation to some of the other recommendations which came from the Transformation & Resources Overview and Scrutiny Committee at its meeting in April 2012. Further details on this work will be presented to Cabinet when it becomes available.

3. **Options Considered**

3.1 Option A – approve the recommendations in this report – this will allow for the implementation and further development of the new outcome-focused performance framework (Recommended)

3.2 Option B – reject the recommendations in this report – this would mean that the new framework is not implemented and that outcomes would not be measured, thereby not allowing the Council to measure the impact of its work – a key factor in the current economic situation where the value for money coming from council services is constantly monitored.

4. **Proposal**

4.1 That Cabinet approve in principle the recommendations set out in this report.

5. **Reasons for Preferred Solution**

5.1 To facilitate the implementation of a new outcome-focused performance management framework, designed to provide Members and the public with greater information on the impact of Council services on the Borough as a whole.

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

6.1 The proposals support the Council's priority of 'Developing an Excellent Council'. It will also have implications for the delivery of all council services.

7. **Legal and Statutory Implications**

7.1 None at this point.

8. **Equality Impact Assessment**

8.1 No discernable differential impact has been identified.

9. **Financial and Resource Implications**

9.1 The financial implications of the report will be determined as part of the development of the new performance framework.

9.2 The ongoing reporting of performance and financial information in a combined report will be continued, although some review of this process will need to be undertaken given the introduction of a new performance framework.

10. **Major Risks**

10.1 No major risks have been identified at this stage.

11. **Key Decision Information**

11.1 The report will not entail significant expenditure or savings for the Council in the short-term at least, but will impact on more than 2 wards. It has therefore been included in the Forward Plan.

12. **Management Sign-Off**

Each of the designated boxes need to be signed off and dated before going to Executive Director/Corporate Service Manager for sign off.