Performance Management

Summary Report

Wirral Metropolitan Borough Council

Audit 2009/10

May 2010
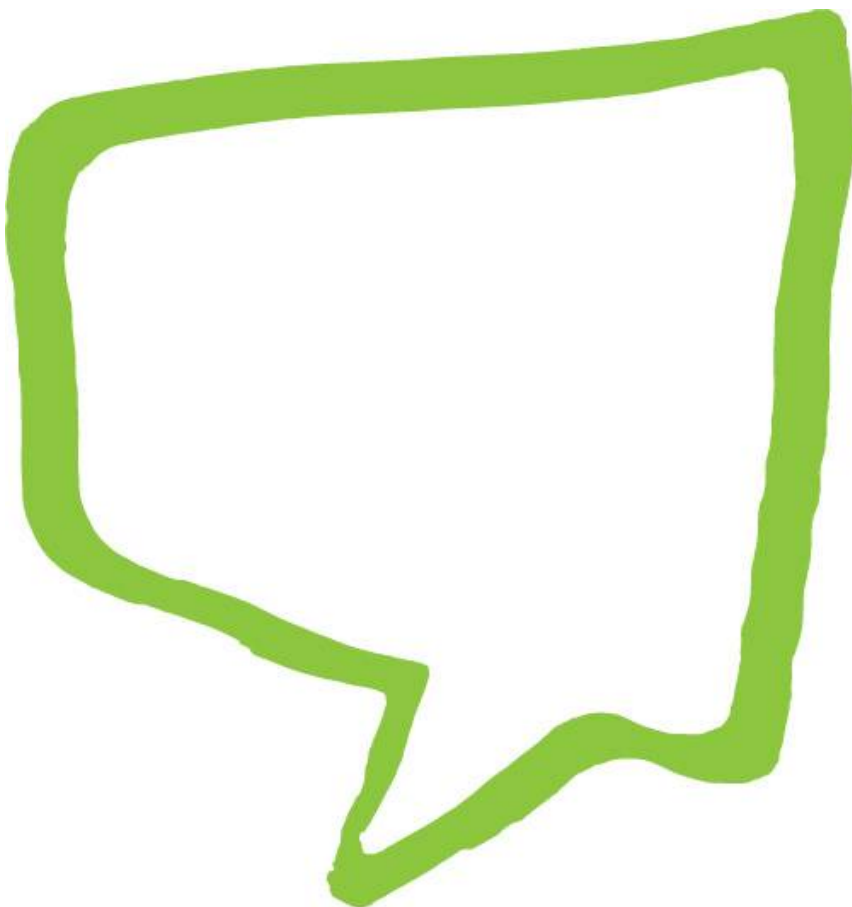
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Status of our Reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Introduction

1   Organisations with effective performance management arrangements know what they need to do and how to do it. Therefore, they are more likely to be able to improve services to local people. Managing performance involves more than just setting up a system. Organisations need the right leadership and culture in place, and must focus on what matters most. In most councils, effective performance management arrangements are part of a wider change agenda. This means they aim for continuous improvement in both service delivery, and service user and resident views.

2   A performance management system is an extensive range of interlinked processes and arrangements. These start with setting its overall strategic direction, implementing methods of tracking progress against these priorities and linking this to an individuals' performance. The organisation's specific cultural 'make up' determines the extent of its success in carrying out its arrangements.

Background

3 Since its corporate assessment in 2005, the Council has taken some important steps to improve the way it manages performance. It has refreshed the Corporate Plan, changed reports to cover both financial and performance information and put in place a coherent framework for planning and delivering local improvements. It has also worked with partners to make better use of intelligence and adopt a robust and systematic approach to identify local priorities.

4 Nevertheless, the Council has recognised that it needs to build on this and do more work to further strengthen performance management arrangements across the organisation.

5 We agreed to work collaboratively with the Council to assess the extent to which performance management arrangements have become embedded into core management processes and whether they are driving improvement.

Audit approach

6   This work was designed to both examine progress and support the Council as it further develops its performance management arrangements. Our work focussed on specific elements of the whole performance management system and:

- examined the extent to which performance management is customer focussed;

- provided a reality check on the Council's progress in embedding its current performance management framework to a consistent level across the organisation;

- identified the key barriers to the effective implementation of the Council's current performance management arrangements;

- identified the main drivers in those areas where performance management arrangements are most effective; and

- helped the Council improve its performance management arrangements as it seeks to achieve its ambitions.

7   Our approach focused on three distinct organisational levels:

- the role of the corporate centre in setting up and embedding a culture of performance management;

- how performance management is made real at service group level; and

- the practical implementation of performance management arrangements by service managers, including cascade of targets and objectives to individuals.

8   The review took place throughout 2009 and benefited from strong commitment and support from the Council. We have collated and shared the output from each phase with the Council in a format that it can continue to use following completion of the review. The key outputs are as follows.

- **Baseline data pack.** We collated the completed baseline questionnaires and provided them to the Council. These provide information on performance management arrangements within specific services. They include current developments, areas for improvement already identified by managers and information on target setting.

- **Interactive spreadsheet.** This contained the full results from the manager survey. It enables the user to compare results from individual services against the overall Council results. The user can also filter results by first line, middle or senior managers to identify key messages at different levels within the organisation.

- **Performance management stage 1 report**. This contains the main messages from the baselining exercises and highlights some of the issues we would consider throughout the rest of the review. It also includes the numerical results from the survey. This report informed our 2008/09 value for money conclusion and use of resources assessment.

- **Performance management stage 2 report.** This contains the information used in the focus groups and the output from the various sessions which we used to structure the action planning workshop.

- **Performance management stage 3 report.** This contains the information used in the action planning workshop and the output from the sessions.

- **This report** draws together the messages from the various stages of the review and identifies 4 areas of focus to further improve performance management arrangements. This report, along with the stage 2 and stage 3 reports will inform our 2009/10 value for money conclusion and use of resources assessment.

Areas for focus

9 The Council has taken positive steps to strengthen its performance management arrangements. We have highlighted four areas where further action will improve the overall effectiveness of these arrangements as follows.

- Further develop the Council's management information arrangements to help services monitor and manage improvements.

- Review arrangements to ensure that key strategic documents intended to support the delivery of the Corporate Plan are fully aligned to both the Corporate Plan and each other.

- Strengthen arrangements to promote shared learning, both internally and externally.

- Review the way that the Corporate Improvement Group (CIG) and Performance Management Group (PMG) function and contribute to the improvement of corporate performance management arrangements.

Main conclusions

10 The overall conclusion is that the Council has sound systems and processes to manage its performance effectively. But these arrangements are not yet being consistently implemented across the organisation.

Management information

11 The Council is improving its capacity and capability for performance management in terms of both management information and skills. However departments are still at different stages in developing their own arrangements for overseeing, managing and challenging service performance using robust data.

12 Information technology (IT) is not always effectively supporting performance management at departmental level. Operational managers report some difficulties in accessing IT and that there are sometimes problems over system compatibility when working with partners. At the same time, they reported concerns that the level and timeliness of IT support at the Council is not always good.

Area for focus

Further develop the Council's information management arrangements to help services monitor and manage improvements.

Consistent plans

13 Corporate priorities are clear and are consistent with wider priorities agreed with external partners. This provides clarity over what improvements the Council is setting out to achieve and a focus for service and team plans. Managers regard this clear vision and sense of direction as being one of the Council's most significant improvements in its performance management arrangements since its corporate assessment.

14 However, other organisational plans and strategies which sit underneath the Corporate Plan are not always consistent with each other, and some performance targets do not align well to the budget. Budget setting and business planning processes are not yet completely aligned, and some strategic documents such as the budget and workforce strategy are not always clearly linked to the Corporate Plan. This makes it difficult for the Council to ensure that all of its resources are being properly targeted to support the delivery of its corporate priorities.

Main conclusions

Shared learning

15 The Council has a positive attitude towards developing performance management skills within the organisation. When asked, nearly three quarters of managers said that they had received appropriate training and development to help them achieve personal objectives. The Council has provided training on data quality for relevant staff, and has recently joined the PWC Benchmarking Club to promote greater use of comparative information across the organisation.

16 However, the Council is not yet maximising opportunities to share learning within the organisation. As previously referenced, departments are at different stages in terms of developing their own arrangements for performance management, and some examples of good practice are emerging. These include a review of processes in the Council's Licensing Section to make them more efficient using an internationally recognised approach ('Lean'), Technical Services' approach to clarity of purpose and Adult Services' use of performance surgeries and a balanced scorecard. These developments are not always being picked up at a more corporate level and shared across the organisation.

17 More work also needs to be done to make optimal use of opportunities for learning from other organisations. All directorates are involved in both formal and informal networks with providers of similar services, but it is not always clear how this external contact is resulting in changes within the Council or improved outcomes for users.

Corporate performance arrangements

18 The Council has set up sound arrangements to coordinate performance management across the organisation. CIG and PMG provide opportunities for corporate performance staff and service department colleagues to discuss issues. Good use is also being made of the key issues exchange to cascade information through the organisation. The Council therefore has structures in place to communicate performance management issues across, up and down the organisation.

19 However, the benefits of these arrangements are not yet being fully realised. In particular, the potential of CIG and PMG for promoting learning within the organisation is not yet being harnessed. As a result good practice in individual services does not become 'repackaged' for the benefit of the Council as a whole.

Area for focus
Review the way that the Corporate Improvement Group (CIG) and Performance Management Group (PMG) function and contribute to the improvement of corporate performance management arrangements.

Appendix 1 – Action Plan

Page no.	Area of focus	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	Develop the Council's information management arrangements to help services monitor and manage improvements	3	Head of ICT	Yes	Continue to develop integrated information systems to support managers. There are key projects within Council's Strategic Change Programme built around enhanced technology (including HR, payroll, procurement). Additionally the programme includes a strategic review to ensure the Council's IT systems remain fit for purpose in supporting the business. These will deliver improved information about people management costs for the organisation and for managers.	
			Head of Policy	Yes	Procure a performance management system to include performance indicators, risks and projects.	In place for April 2011
			Corporate Improvement Group	Yes	Building on best practice which already exists within the organisation, develop mechanisms for ensuring that innovative developments in performance management are shared and distributed across departments.	Summer 2010

Page no.	Area of focus	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
9	Review arrangements to ensure consistency of key strategic documents intended to support the delivery of the Corporate Plan to ensure that they are fully aligned to both the Corporate Plan and each other.	3	Corporate Improvement Group	Yes	The area focus comments pre-date the work that has been completed to align the 2008-11 corporate plan with workforce development strategy, risk management, asset management and financial plans. The Corporate planning framework was also approved by Cabinet prior to the 2010/11 budget setting process and plans now clearly link projects and activity with resources.	Completed - 2010/11 Corporate Plan refresh
				Yes	Review best practice authorities to improve arrangements further.	In place for April 2011
9	Develop arrangements to promote shared learning, both internally and externally	3	Head of HR/OD	Yes	Develop manager shared learning/innovation workshops to consider and share best practice within departments and promote innovative working	Summer 2010
			Head of Policy	Yes	Intranet shared area to promote best practice	Summer 2010
			Head of Policy	Yes	Implement benchmarking approach to allow service managers dedicated time to review priority areas and identify best practice authorities using benchmarking tools to improve services	Summer 2010
			Head of HR/OD	Yes	Develop a manager's toolkit to provide a consistent approach to learning and development opportunities	Summer 2010
			Head of Policy	Yes	Standard agenda item on PMG and CIG meetings to share best practice	Complete
			Head of Legal and Democratic Services	Yes	Review overview and scrutiny arrangements to introduce a clear strategy and development programme of change and improvement	

Appendix 1 - Action Plan

Page no.	Area of focus	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
10	Review the way that the Corporate Improvement Group (CIG) and Performance Management Group (PMG) function and contribute to the establishment of corporate performance management arrangements.	3	CIG/PMG	Yes	Promote the sharing best practice in accordance with the comments above	

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