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Date: 21 June 2011

Dear Member

CABINET SCRUTINY COMMITTEE - MONDAY, 27 JUNE 2011

I am now able to enclose, for consideration at next Monday, 27 June 2011 meeting of the Cabinet Scrutiny Committee, the following report(s) that were unavailable when the agenda was printed.

Agenda No	Item
C2	<u>KCC's Performance Management Framework (1 - 8)</u>

Mr R Gough, Cabinet Member, Business Strategy, Performance and Health Reform, and Ms K Kerswell, Group Managing Director, have been invited to attend the meeting between 3.30pm and 4.30pm to answer Members' questions on this item.

Yours sincerely

Peter Sass
Head of Democratic Services

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By: Peter Sass: Head of Democratic Services
To: Cabinet Scrutiny Committee – 27 June 2011
Subject: KCC's Performance Management Framework

Background

(1) Members have concerns about the proposed mechanism for the reporting of performance management information to Members (including the new Quarterly Performance Report which will supersede the Core Monitoring Report) and the proposed role of the Policy Overview and Scrutiny Committee suite in considering performance information.

Guests

(1) Mr R Gough, Cabinet Member, Business Strategy, Performance and Health Reform, and Ms K Kerswell, Group Managing Director, have been invited to attend the meeting between 3.30pm and 4.30pm to answer Members' questions on this item.

Options for the Cabinet Scrutiny Committee

(1) The Cabinet Scrutiny Committee may:

(a) make no comments

(b) express comments but not require reconsideration of the decision

(c) require implementation of the decision to be postponed pending reconsideration of the matter in the light of the Committee's comments by whoever took the decision or

(d) require implementation of the decision to be postponed pending consideration of the matter by the full Council.

Contact: Adam Webb Tel: 01622 694764

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By: Roger Gough, Cabinet Member for Business Strategy, Performance & Health Reform
Katherine Kerswell, Managing Director

To: Cabinet – 20 June 2011

Subject: KCC's Performance Management Framework

SUMMARY

As part of the restructuring through 'Change to Keep Succeeding' and the launch of our medium term plan, Bold Steps for Kent, we are taking the opportunity to review our current officer performance arrangements and to introduce an improved performance management framework that will enable effective briefing of Cabinet and into Scrutiny.

This paper sets out the steps being taken to develop the framework.

FOR INFORMATION

1. Introduction

As part of implementing Bold Steps for Kent and the design principles for our organisation to deliver those, the Corporate Management Team (CMT), and managers have reviewed the current officer level performance arrangements and wish to introduce an improved internal performance management framework.

The new performance management framework for the authority enhances the existing officer level arrangements but introduces a mechanism that will create a stronger officer culture of performance management accountability, much greater shared awareness for managers, and transparency about our performance. It will reduce duplication and be less resource intensive to take account of changes in resources projected for future years.

2. Overall objectives of KCC's new performance management framework

As an authority we want to be smarter at delivering our performance management arrangements in a more joined-up and intelligent way to ensure that what Members want to see delivered is being delivered in the most effective way.

We want to put in place mechanisms to ensure we achieve Members' strategic priorities and know how we are doing against them during the year so we can keep Members fully informed as to progress and the managerial action that is being taken to drive that progress.

We also want to ensure that the performance information that we report consistently results not just in data sets but in understanding, proper intervention and personal accountability to improve performance where it is poor or declining, and that it has due regard to risk and spotting potential problems before they arise. We will ensure early warning mechanisms are built into management information systems with each person in the organisation focused on meeting the objectives and managing the significant risks that relate to the tasks they perform.

Timely and relevant reports on progress against our business objectives and significant risks will be a key component. A key focus will also be on data quality as well as the quality of the performance indicators we use as an authority.

We want to ensure there is proper learning and that questions are raised where we are succeeding so we can understand the situation and transfer best practice where possible.

These steps will result in more effective reporting to Members so that they can direct, challenge and be assured that their decisions are being acted upon.

3. The new performance management framework

A number of specific improvements will be made and the key elements of the new framework are set out below:

a) Internal control - Performance Management SORP

SORPs (Statement of Required Practice for managers) will be introduced for a number of functions within KCC that support our local Code of Corporate Governance/framework and form part of the evidence and documentation underpinning it. Each SORP will outline the corporate standards of operation across KCC which it seeks to maintain, how it will be monitored and the consequences of non-compliance, as well as set out roles and responsibilities, benefits, associated structures and processes, clear definitions of key terms and ensure standardised use of terminology (lexicon).

A SORP will be introduced for Performance Management. It will be embedded within the business processes by which we pursue our objectives and will be developed by the managers who will implement it. As well as focusing on the required standards and procedures the Performance Management SORP will focus on some fundamental operational principles:

- We will report the information that Members need in order to understand current performance. A new quarterly performance report for Members will provide a *joined-up* assessment of performance (see section b) that follows). The reports will also place emphasis on anticipating and forecasting performance problems to ensure 'no nasty surprises'
- It will be proportionate, use relevant performance measures and follow the principle of subsidiarity ensuring performance is being correctly managed at the most appropriate managerial and political level. Subsidiarity will reinforce the ability of team managers, divisional and directorate management teams to review and manage their own directorate and divisional performance 'dashboards' and report any performance issues up the chain. Directorates will drive directorate level indicators, performance challenge and delivery; divisional management meetings will do the same.
- Reports on progress will be designated by a RAG (red/amber/green) status that will create a trigger when escalation and intervention is required. Clear decisions will be made about what action is needed. Definitions of the individual RAG statuses will be agreed within the SORP as will the overarching trigger points for escalation and intervention. If there needs to be any variation to these they will be agreed for that specific indicator. This will also be linked to our risk appetite agreement anchoring it into our performance management practice

- A strong underpinning framework will ensure personal accountability for improved performance
- We will ensure the transparency of performance data and its availability in the public domain. Data will only be confidential if it is confidential.
- The quarterly performance report will flow into Cabinet and Policy Overview & Scrutiny (POSCs). Members will be able to assess whether the managerial action is sufficient and guide, direct and challenge as they feel is appropriate.

b) The single performance framework

A single performance framework for the authority will be introduced that provides a joined-up assessment of performance. This *new quarterly performance report* will be different in that it will provide the single umbrella under which the performance of the organisation will be reported and will focus on three categories of performance. The three layers that make up the new single performance framework are as follows:

- How well we are delivering our strategic priorities as set by members within Bold Steps for Kent
- How we are performing against other key areas of core service performance (it should be noted that some of the current Core Monitoring indicators will still continue in the new report)
- As necessary, it will also include any areas of poor performance triggered by the agreed escalation rules and referred up the chain from the divisions and the directorates from their own sets of performance indicators ('dashboards') until such times as they are no longer areas of poor performance.

We held two structured workshops with POSC members during May to help finalise the list of strategic priorities within Bold Steps for Kent and to seek their input on the success factors for these, including their views on key milestones and how we will seek to measure performance.

There will be three various ways of measuring how well we are performing against the strategic priorities in Bold Steps for Kent:

- Quantitative data including PIs
- Qualitative data including progress against agreed milestones, survey feedback etc
- Formal evaluation of some key projects as to their effectiveness and outcomes delivered towards the end of the four year term of Bold Steps.

We are using the feedback from the workshops to help finalise this framework for Bold Steps and will report back to POSCs on progress during June/July before reporting to Cabinet on 18 July and seeking approval to the framework by County Council on 21 July.

c) Performance management and officer reporting structures

We will introduce two new groups. These will be separate forums that enable senior managers to devote regular and specific time to focus on performance against objectives and milestones, ensure accountability for delivery and improvement, provide challenge, enable open dialogue and help provide a learning and accountability culture.

The Performance Assurance Team (PAT) will focus on organisational performance in line with member's strategic priorities and the business plans. The Delivery Assurance Team (DAT) will focus on the delivery milestones of major change programmes and projects.

There will be a strong relationship between the two teams as well as sharing of intelligence.

Performance Assurance Team (PAT)

PAT will meet monthly and be chaired by the Deputy Managing Director. Membership will include a nominated director from each directorate. It will also include two non-executive directors (NEDs). These are staff at the grass roots of the organisation. This will ensure PAT has cross-organisation membership from all levels which will provide a 'whole organisation' approach to improvement, a blend of experience as well as independent challenge.

PAT will receive the quarterly performance report as described in the preceding section. It is not the remit of PAT to cut across the directorates' responsibility to manage their own performance. It is about creating an effective council-wide system of control as necessary for the appropriate level of activity to ensure we deliver as a council and not just as a separate series of activities.

The intention is that PAT meetings will focus on the following aspects:

- How we are doing against the single performance framework as set out in the new joined up quarterly performance report. This will include discussing poor or declining performance with accountable managers and considering, challenging and ensuring appropriate action on the proposals for improving performance, including addressing constraints/barriers
- As well as looking at performance problems PAT will also examine areas of strong performance, the 'greens', and whether this could be as a result of good practice or learning that can be shared or any 'gold plating' that may need to be addressed
- Other relevant reports on performance including:
 - Risks that have been triggered from the corporate risk register and any directorate risk register i.e. the 'reds'
 - Complaints and customer engagement information
 - Staff performance information e.g. turnover, industrial relations, health and safety and equalities etc.

Any red or repeatedly amber indicators (rules will be agreed in the SORP) in the new quarterly report come straight to PAT if they are called in for further discussion. The person providing the action plan and attending PAT is the accountable manager for that service and will be listed as the accountable officer for that indicator and challenged as necessary by PAT.

Prior to each PAT meeting the Cabinet Member for Business Strategy, Performance & Health Reform will receive a full set of papers and the Chair of PAT will brief him on the key issues. They will meet again following PAT to discuss the outcomes and agreed actions. These will then be included in the formal report on the actions that have taken place at PAT on challenging the issues and improving performance. The Cabinet Member for Business Strategy, Performance & Health Reform has the right to attend PAT during the year as necessary to assess the operation of performance management framework.

The Chair of Governance & Audit Committee will also be given a full set of PAT papers as part of his formal governance role which is independent of the Executive. He may attend PAT on an exceptional basis to assure himself of the officer level of governance being delivered by PAT. He will also receive the formal report on the actions that have taken place at PAT on challenging the issues and improving performance.

Delivery Assurance Team (DAT)

The organisation has a clear desire to see effective and speedy delivery on the strategic priorities it has made in Bold Steps and the Medium Term Financial Plan. There are also a number of key enablers (e.g. Oracle transition, internal control framework etc) that we have to put in place that will help ensure the effective delivery of those commitments.

In order to ensure this delivery takes place and aid the co-ordination of a large number of potentially conflicting agendas and demands on support services in the authority it is essential that we put in place a delivery assurance function. Delivery assurance for Bold Steps and the Medium Term Financial Plan will be supported by the creation of a Delivery Assurance Team (DAT) chaired by the Managing Director. Like PAT, DAT will meet monthly and membership will include a nominated director from each directorate (but different from those on PAT). It will also include two NEDs (again different from those on PAT).

The intention is that DAT meetings will focus on the following aspects:

- Quarterly reports setting out a) how well we are delivering on Bold Steps for Kent; b) how well we are delivering against other major change programmes and key enablers not covered by Bold Steps; c) how well we are delivering against our PIDs 191 programme d) how well we are delivering against our capital/property/land projects
- Other relevant reports for example:
 - Bids into the capital programme
 - Progression against the authority's restructuring programme
 - Progression against the authority's IT programme including Oracle.

Member arrangements for DAT will mirror PAT.

Divisional Management Team and Directorate Management Team meetings

Divisional Management Team and the Directorate Management Team meetings will discuss their own sets of key performance indicators. Some of these will of course be the same as those used in the new quarterly monitoring reports as mentioned above but the level of detail of course will increase as the process goes further down into the services. Therefore these different levels are separate but compliment each other.

When performance issues get triggered from division and directorate level to PAT then PAT will discuss the work that the directorates have done. These issues could be a key performance indicator that has been red for two quarters or amber for three (rules will be agreed in the SORP).

d) Performance management and reporting to Members

Cabinet will receive the *new quarterly performance reports* (to commence from Quarter 1 of 2011/12). These reports will enable discussion with Members to be more focused than is currently possible with the current Core Monitoring and Quarterly Revenue and Capital reports and they will be able to have clearer direction on the most urgent areas for their attention.

Further consultation is required to develop the most effective relationship of POSCs to the performance framework. It may be more appropriate for Scrutiny Board to receive the new quarterly performance report as all POSC chairman sit on that Board. This would enable performance of the whole council to be seen in the round and the performance framework itself to be judged as to its effectiveness. This would reduce the

numbers of meetings that the framework would be discussed in. If the individual POSC Chairman then wanted a particular indicator to be discussed at their meeting then that could be triggered by the Scrutiny Board. The preferred relationship of POSCs to the performance framework will be discussed with POSC chairmen, the Leader and Deputy Leader.

e) Performance management culture and behaviours

KCC is already putting in place the structures needed to support its new performance management framework, as set out in this report. However, it is an organisation's performance culture and the way performance management is handled and directed that can make the difference between top performing and average performing authorities. Part of this is ensuring it has staff with the right skills and behaviours.

KCC's stronger culture of performance management will underpin the new performance management framework and the new 'Kent Manager' programme is an important vehicle that will ensure our managers will be properly trained in the skills required by the council. It will also set out and reinforce the way in which management needs to be conducted at KCC, grounding the absolute imperative of managerial accountability and making the behavioural competencies a reality.

We are running a series of performance management workshops for staff across the authority in May and June, some of which focuses on how we develop and shape the new performance management culture and behaviours needed within KCC. The notion of the workshops has sprung from the learning taken from the children's social services issues and the emanating improvement plan. Two of these have already taken place with staff from children's and adult's social services and been extremely well received.

As already mentioned, an integrated set of documents defining how we must do things and managed from the centre, will help to provide transparency of our 'One Council' approach for all staff and members. These documents, the SORPs, supported by the 'Kent Manager' programme, are proposed as a core element of the future internal control framework.

4. Next Steps

The key elements of the performance management framework are set out here and will be further refined over time. The new CMT and PAT arrangements will come into effect during June and DAT arrangements will then follow in July.

The framework for delivering the strategic priorities in Bold Steps is being further developed using feedback from the POSC workshops held in May. It will be reported to June/July POSCs and thence to Cabinet and County Council for approval in July. The first quarterly performance report using the single performance framework will be available for Quarter 1, 2011/12 and will go to the September meeting of Cabinet and POSCs.

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