

By: Roger Gough, Cabinet Member for Business Strategy, Performance & Health Reform

To: Governance & Audit Committee – 14 September 2011

Subject: KCC's Performance Management Framework

Classification: Unrestricted

SUMMARY

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

The framework was agreed at Cabinet on 20 June 2011. This report sets out the elements of the framework and updates the position since it was approved in June.

FOR ASSURANCE

1. Introduction

"Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk" (*Delivering Good Governance in Local Government CIPFA 2007*).

Regular review of our internal management control framework is a vital element of our governance arrangements and has been an important part of implementing *Bold Steps for Kent* and the design principles for our organisation to deliver those set out in 'Change to Keep Succeeding'.

We have started to review our internal controls and have focused initially on two key areas:

- Aligning and standardising to a 'One council' model supported by 'Kent Manager', development of Statements of Required Practice (SORPs) and a review of our various officer and member and officer bodies to ensure terms of reference, membership and naming is clear.
- Improvements to our performance management framework.

This report provides more detail on progress with our Performance Management Framework.

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

The new performance management framework for the authority enhances the existing officer level arrangements and introduces a mechanism that creates a stronger officer culture of performance management accountability, much greater shared awareness for managers, and transparency about our performance.

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 are putting 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 are ensuring 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 are 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 also 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.

3.1 SORPs (Statements of Required Practice)

SORPs (Statement of Required Practice) for managers are being introduced for a number of functions within KCC. A SORP has been introduced for Performance Management. SORPS are described in another paper to this committee.

3.2 Enhanced Performance Reporting & the Principle of Subsidiarity

We will report the information that Members need in order to understand current performance. A new quarterly performance report (QPR) for Members is being developed and will provide a *joined-up* assessment of performance. The new report will also place emphasis on anticipating performance problems to ensure 'no nasty surprises'

The framework follows 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. The SORP introduces the concept of escalation of performance issues from divisions and directorates and is linked to our risk appetite agreement anchoring it into our performance management practice.

A strong underpinning framework ensures personal accountability for improved performance through the Performance Assurance Team (PAT) and the Delivery Assurance Team (DAT) described later in this report.

We will ensure the transparency of performance data and its availability in the public domain. Data will only be confidential if it is confidential.

3.3 Delivering Bold Steps

Two structured workshops were held 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 would seek to measure performance.

The feedback from the workshops has been used to help finalise this framework which is called 'Delivering Bold Steps'. The framework was approved by County Council on 21 July and will be embedded in future reporting arrangements.

3.4 Performance management and officer reporting structures

We have introduced two new groups. These are 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) focuses on organisational performance in line with member's strategic priorities and the business plans. The Delivery Assurance Team (DAT) focuses on the delivery milestones of major change programmes and projects. There is a strong relationship between the two teams as well as sharing of intelligence.

Performance Assurance Team (PAT)

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

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.

PAT meetings focus on the following aspects:

- Progress against key performance indicators and programmes. This includes 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:
 - Risk and business continuity information
 - Complaints and customer engagement information
 - Staff performance information e.g. industrial relations, health and safety and equalities etc
 - It also receives the quarterly finance monitoring report.

Any red or repeatedly amber indicators in the new quarterly performance report will 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 is 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 receives a full set of papers and the Chair of PAT will brief him on the key issues. They meet again following PAT to discuss the outcomes and agreed actions. These are 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 may attend PAT on an exceptional basis to assure himself of the officer level of governance being delivered by PAT.

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 other major projects and programmes to deliver. In order to ensure 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 we have in place a delivery assurance function. Delivery assurance is supported by the creation of a Delivery Assurance Team (DAT) chaired by the Managing Director. Like PAT, DAT meets monthly and membership includes a nominated director from each directorate (but different from those on PAT). It includes two Non-Executive Directors (again different from those on PAT).

DAT meetings 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 projects not covered by Bold Steps;

- c) how well we are delivering against our PIDs savings programme
- d) how well we are delivering against our capital/property/land projects
- Other relevant reports for example bids into the capital programme.

Member arrangements for DAT mirror those for PAT.

3.5 Performance management and reporting to Members

Cabinet will receive the new quarterly performance report, once developed. These reports will enable discussion with Members to be more focused than is currently possible with the previous Core Monitoring reports and they will be able to have clearer direction on the most urgent areas for their attention.

3.6 Performance management culture 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.

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 be reviewed later this year ensure to ensure they are working effectively.

5. Recommendation

Members are asked to NOTE the report for ASSURANCE purposes.

Contact

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