

MANAGING PERFORMANCE MANAGEMENT

Report By: Director of Corporate and Customer Services

Wards Affected

Countywide.

Purpose

To consider and approve the action plan attached at Appendix 1. This has been developed as the Council's response to the recommendations of the recent audit of performance management. When finalised, this action plan will be sent to the Audit Commission.

Financial Implications

There are no financial implications

RECOMMENDATION

THAT the action plan at Appendix 1 be approved and, subject to final drafting amendments, be submitted to the Audit Commission as the Council's response to the recent audit of its performance management arrangements.

Reasons

1. In 2005, the corporate assessment process found that performance management was the weakest area of the Council's overall arrangements. The Audit Commission has now re-examined performance management and assessed progress over the last twelve months. The two-week audit covered processes, systems and procedures as well as the extent to which these are now embedded in the culture of the Council. Three key services were used to test the development of a performance management culture – adult social care, children's social care and benefits.
2. The main conclusion of the audit is that the Council is making steady progress in strengthening its performance management arrangements and in embedding a performance culture. However the report makes it very clear that the Council still has a long way to go and needs to move even faster in future if it is to bridge the gap between itself and what the Commission has identified as best practice local authorities.
3. The audit report makes fourteen recommendations. Performance management has been the subject of considerable work and investment since the corporate assessment in 2005 and is one of the key areas in the overall improvement plan and central to the Herefordshire Connects transformation programme. The audit clearly expects the Council to

maintain its current focus on:

- streamlined, fit for purpose processes and, crucially,
- establishing a culture of continuous improvement across members and officers

if it is to achieve, and demonstrate that it is achieving, fundamental service improvement over the next 12 months.

4. The audit was undertaken as part of the 2006/07 audit & inspection plan. It is likely that the adequacy of the council's performance management arrangements will continue to be scrutinised by the Audit Commission and other inspectorates. The ways in which this will be done are not yet clear.
5. It is important to remember that this audit did not examine the actual performance of the council's services. These are the subject of individual, annual, service assessments or inspections. This audit examined the adequacy of the council's arrangements for securing high performance.
6. The council's response needs to be robust, to have wide ownership and to be communicated well across the organisation, with partners and to the public if it is to succeed. The planned consultations are intended to maximise the chances of success, meet any future requirement of the auditors / inspectors and public expectations of quality public services.

Considerations

7. The action plan at Appendix 1 is not simply a list of tasks to be completed; a more comprehensive view of the Councils activities and future challenges is required. Amongst these challenges are the recently published local government White Paper - *Strong and prosperous communities*, the Herefordshire Connects change programme and the creation of a Public Services Trust. The challenge of the audit is just as fundamental and far-reaching as these three and the Council's response cannot be seen in isolation from them. Because of this the action plan consists of a programme of concerted action that brings together a wide range of activities and will result in changes to the way in which the Council and its partners behave.
8. Two recommendations are of fundamental strategic importance and need to be considered first. They are:

Recommendation 5: Decide on the extent to which the Council will integrate its own service planning, priorities and performance management arrangements with those of its key partners in the Herefordshire Partnership

Recommendation 1: Construct and communicate a high-level model that clearly and simply identifies how the Council intends to assess and measure its level of performance and rate of improvement

9. Recommendation 5 is of the most importance over the medium to long-term, since the view we take about it will provide the context within which all the other recommendations, including Recommendation 1, will need to be developed.
10. Recommendation 5 is critical because the recent local government White Paper, *Strong and prosperous communities*, expects local authorities to lead partnerships, as first among equals, to improve their communities and quality of life. The current Comprehensive **Performance** Assessment of local authorities will be replaced with a new Comprehensive **Area** Assessment; buttressed by the new duty to co-operate that will be placed on most partners. There will also be increasing pressure to achieve large-scale efficiency savings through partnership. The action plan is the start of our preparations for this new system.
11. All this points to the need for the fullest possible integration of the Council's planning, priorities and performance management with its key partners in the *Herefordshire Partnership*. This model is already operating in one part of the Council: Children and Young People's Services. The strong improvements over the past year in the *Herefordshire Partnership's* performance management arrangements provide a good platform; but the White Paper requires us to go a good deal further. The intention to create a Public Service Trust with the PCT in the coming months provides an immediate challenge and opportunity in this respect.
12. Working with partners to develop well-integrated planning and performance arrangements will take time and patient negotiation; but, with the White Paper changes beginning to take effect from 2008, it would seem prudent to aim for them to be in place by April of that year. The action plan includes this assumption
13. However, rapid improvement in the Council's performance cannot wait until then. That means that, in parallel with developing the longer-term arrangements with partners, we must put in place our own improved arrangements in the coming months, with a view to their operating from 1 April 2007. These include the recommendations of the recently completed, annual, internal audit report on performance management. These arrangements would then be further developed into the longer-term partnership model.
14. The other recommendations are all important and tackling them will help the Council to improve. But all of them need to be taken forward in the context of what is agreed in respect of recommendations 5 and 1. That's why the draft action plan starts with these two recommendations. Then follow the most significant of the recommendations that are directly related to the implementation of 5 and 1, these are recommendations 6 and 8. After this the action plan deals with the remaining recommendations in as close to numerical order as is possible. The internal audit recommendations will be incorporated into the action plan at the appropriate places.

15. It will be possible to add more actions and milestones to the action plan in future, once some of the key decisions have been taken and areas of uncertainty resolved.

Risk Management

The audit is a fundamental part of the Audit Commission's 'harder test' facing all local authorities. The findings, and in particular the adequacy of the response, will have a significant bearing on the future audit and inspection regime faced by the Council as well as its wider reputation. The action plan needs to be implemented and monitored with these risks under appropriate control.

BACKGROUND PAPERS

Managing performance management 2006/07 – Audit Commission, September 2006
Local Government White Paper – *strong and prosperous communities* – October 2006