

Review of Performance Management

Norwich City Council

Audit 2007/08

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Contents

Summary report	4
Introduction	4
Background	4
Audit approach	5
Main conclusions	5
Recommendations	7
Detailed report	8
How well does the Council align its ambitions, priorities, outcomes and targets to meet local needs and deliver national priorities?	8
How well does the Council measure, monitor and report performance?	11
What impact does the Council's performance management arrangements have on the quality and efficiency of service delivery?	13

Summary report

Introduction

- 1 Performance management matters to everyone who wants to see local communities better served by councils and their partners.
- 2 Performance management is about good management, ensuring community, organisation and team goals are achieved. It helps to:
 - prioritise what gets done and ensure there are sufficient resources to do it;
 - ensure councils provide value for money;
 - motivate and manage staff;
 - identify and rectify poor performance at an early stage;
 - learn from past performance and improve future performance; and
 - increase user and public satisfaction.
- 3 Effective performance management requires:
 - systematically deciding and communicating what needs to be done (aims, objectives, priorities and targets);
 - a plan for ensuring that it happens (improvement, action or service plans);
 - assessing if this has been achieved (performance measures); and
 - information reaching the right people at the right time (performance reporting) so decisions are made and actions taken.
- 4 Robust performance management at a local level is also an essential requirement if Government is to fulfil its commitment to reduce centralised control over local performance. With greater pressure on councils to achieve improved services alongside increased efficiency, the need for effective performance management is more important than ever.

Background

- 5 In its 2006 Annual Audit and Inspection Letter, the Commission concluded the Council had made some improvements in performance but that progress remained patchy and slow in places, and that some basic aspects of performance management were not robust or embedded.
- 6 The 2005/06 Annual Audit and Inspection letter (March 2007) highlighted the new performance management framework introduced as part of the Council's internal improvement plan. However, performance management was judged as inconsistent and further work was required by the Council.

- 7 The Commission undertook its on-site work in December 2007 at a time when a number of performance management initiatives were being implemented. Consideration of this improvement work was included in the preparation of the Direction of Travel statement undertaken in December 2007 and January 2008.

Audit approach

- 8 The review sought to answer the following key questions.
- How well does the Council align its ambitions, priorities, outcomes and targets to meet local needs and deliver national priorities?
 - How well does the Council measure, monitor and report performance?
 - What impact does the Council's performance management arrangements have on the quality and efficiency of service delivery?
- 9 The project involved analysis of relevant documents and data and interviews with key councillors and officers. There was also a focus group held of managers to assess the degree to which the Council had embedded performance management.

Main conclusions

- 10 It has been six months from the on-site review of performance management to the publication of this report. The Council was given early feedback of identified weaknesses and both councillors and officers responded positively by adopting the suggested recommendations and continuing to work on improvements to performance management. Progress since December 2007 will be reported as part of the 2008/09 direction of travel report. The judgements presented below represent the findings at the time this review was carried out.
- 11 Shared ambitions and priorities with partners provide focus and run through Council strategies, service and team plans. However, a 'golden thread' does not consistently run through into individual appraisals and target setting for all staff. Appraisal is not yet effectively contributing to improved performance management. Service planning, while improving, remains inconsistent and fails to evidence how it will deliver all corporate priorities. There is a new medium-term financial strategy, adopted in July 2007, which was too late to effectively inform the 2007/08 budget. Financial information in service plans is not consistent. The Council relies too heavily on national PIs to focus and align delivery, at all levels, against its priorities. Improvement work underway involves the piloting of neighbourhood management to engage communities better to shape services and align local needs to neighbourhood action plans.

- 12 The Council systematically monitors and reports performance but this is not consistently robust and recent improvements are yet to show widespread results. Monitoring and challenge of performance by councillors is adequate. Target setting has been poor with some set to allow worsening in performance undermining the policy of year on year improvement. Effective analysis of performance relating to, complaints and use of customer contact data is hindered through incomplete data collection. Use is made of a corporate strategic benchmarking tool but this is not evident in all service plans. Performance monitoring of partnerships has been poor, although weaknesses and inconsistency in governance arrangements are being addressed.
- 13 The Council's performance management arrangements are not yet demonstrating an impact on the quality and efficiency of service delivery. Changes made have not led to a consistent or steady improvement to its comparative PI performance. Other councils are improving more rapidly Public satisfaction with services and the value for money delivered remains low. However, the Council is improving its capacity and the system by which it manages its performance and that of its partners. The level of commitment of members and officers is high and the Council is benefiting from a PWC improvement programme but significant challenges remain to consolidate the progress being made into actual improvement that local people recognise and value.

Recommendations

Recommendation

R1 Enhance the performance management framework through:

- *setting robust targets to support continuous performance improvement;*
- *ensuring service plans are fully costed and in line with the medium-term financial strategy;*
- *corporate consistency through more effective benchmarking and greater external challenge; and*
- *effective local performance indicators measuring outcomes that matter to local people.*

This will ensure the public receives improved services and intended outcomes are achieved.

The implementation of this recommendation will have high impact with low costs.

This should be implemented by July 2008.

Recommendation

R2 Develop smarter capture, analysis and use of complaints and customer contact data to drive service improvement through:

- *a comprehensive process of recording and monitoring of complaints; and*
- *an effective means of using feedback to improve service delivery.*

This will help design services more in line with users experience and demand, remove inefficiencies embedded in poor working practices and improve the public's access to, and the quality of services.

The implementation of this recommendation will have high impact with medium costs.

This should be implemented by September 2008.

Detailed report

How well does the Council align its ambitions, priorities, outcomes and targets to meet local needs and deliver national priorities?

- 14 The Council has a vision of what it wants to achieve, and has developed shared ambitions and priorities with its partners. Working with the Local Strategic Partnership, 'The City of Norwich Partnership' the Council has agreed a community vision to 'make Norwich a world class city in which to live, work, learn and visit.' Supporting that, the Council's own vision for 2007/10 is to achieve 'a strong and prosperous city, safe and healthy neighbourhoods with opportunity for all.' To secure its vision, the Council has developed five strategic and two crosscutting objectives. In addition, it has adopted 14 short-term priorities for 2007/08.
- 15 The Council has identified its non-priorities and reduced investment in these areas. The prioritisation process begins at the start of annual budget setting when the four political parties develop and share their own priorities and budget choices before formal decisions are determined. Negotiation takes place to determine the priorities and non-priorities. Despite having no overall political control within the Council, a high degree of consensus is achieved. In addition, the capital programme comprises a number of projects scored against established criteria allowing councillors to agree the level of priority and therefore their support for funding. For example, improvements to the skate park, community centres and memorial gardens were considered non-priorities and work on them delayed, with the Council standing firm despite pressure from the public. The Chief Executive holds monthly meetings with the four political leaders. This has improved relationships and allowed cross party issues to be raised and resolved.
- 16 The Council has made progress in ensuring greater understanding of its priorities by staff. In its staff survey of 2007, 62 per cent reported that they were aware of the Council's long-term goals compared with 49 per cent in 2006. Satisfaction with the information received from managers on the Council's activities increased by 12 percentage points over the same period. Employees receive a weekly bulletin and managers provide regular briefings to staff. A staff awards scheme has been introduced to help promote improved performance

- 17 The Council's corporate planning arrangements are adequate and improving. The corporate plan provides a strong context for service planning and makes clear linkages from the partnership vision, through to medium-term strategic and cross cutting objectives, cross cutting themes and specific short-term priorities for the year. Six short-term priorities were identified in the 2006/07 plan:
- create additional street neighbourhood warden posts;
 - provide more CCTV cameras in areas of risk;
 - start a street scene pilot;
 - extend tenancy enforcement into six new areas;
 - create a £50,000 fund to support local projects to improve the environment; and
 - begin work on a carbon offset trust.
- 18 Each of the priorities was achieved in full or in part. For example, four new neighbourhood warden posts were created and filled, additional CCTV cameras were purchased and subsequently installed in 2007/08, and a carbon offset trust was agreed which started work in 2007/08. However, the impact of achieving these short-term priorities has not been measured. Additionally, the contents of the 2007/08 plan were tempered by council-wide financial management problems. However, the 2008/09 service plans look forward to delivering the overall vision.
- 19 Despite having a high-level vision, supported by objectives, the Council has yet to address a number of weaknesses, which undermine its ability to fully align priorities, outcomes and targets to meet local needs and deliver national priorities. For example, the Council only adopted its medium-term financial strategy in July 2007, several months after the 2007/08 budget setting process.
- 20 The Council is not effectively linking its vision and objectives through to team plans and individual objectives. The 11 separate service plans set out how the service and corporate priorities will be met, and they contain specific targets allocated to teams or individual employees to deliver. In 2006 only 30 per cent of appraisals were completed. This significantly improved to 79 per cent by December 2007 but one fifth of the organisation was therefore not subject to a review of their performance in 2007. The appraisal system was revised in early 2007 to improve the management of individual performance and ensure that staff efforts were focused on delivering key priorities. The Council plans to monitor completion and send reminders to managers. In 2008, one of the personal objectives of each manager will be to complete the appraisals of all their staff. A robust appraisal system is a fundamental element of effective management of performance. However, it is too early to determine the impact of these new arrangements on improved service delivery and efficiency.

- 21 The Council's service planning is improving, although still weak. The level of detail within service plans is variable. For example, information is absent or sparse on how each service will meet its duty in relation to community safety and, despite a requirement in the diversity strategy, how the equality and diversity agenda will be taken forward. Budget information is limited in the 2006/07 service plans. For 2007/08, service plans include a summary of the service, service objectives, resource plans, identify risks, and explain how the service will deal with corporate priorities. The service priorities each have performance measures and targets and show the intended outcomes and adequate steps are being taken to improve them. Staff are now much more involved and presentations to staff on developing service plans have been provided by the Performance and Improvement Team in preparation for the 2008/09 plans. Robust service plans are an essential element of an effective performance management framework.
- 22 The Council has not been successful in aligning its resources to deliver all its priorities. For example, despite efforts over the last few years, the Council has not yet rationalised the different levels of staff pay for staff preventing the introduction of competency related pay, seen by the Council as an essential ingredient of a robust performance management regime.
- 23 The Council is at an early stage of measuring what matters to local people and aligning this with the way it manages its performance. The Council relies heavily upon national indicators to focus and align service delivery rather than establishing local indicators of what matters to local people. However, improvement work currently underway, involves the piloting of neighbourhood management in two of the most deprived areas of the City. This will help the Council and its partners to develop closer and more effective working, and to engage communities better in shaping services and aligning local needs to neighbourhood action plans. In addition, a Neighbourhood Renewal Fund Board has been established specifically to identify local priorities and to address the needs of the City's most disadvantaged communities through partnership working supported by neighbourhood renewal funding. The Norwich Strategic Partnership set out its priorities within a Neighbourhood Renewal Action Plan. However, it measures the impact of specific projects by milestones and outputs rather than community outcomes. Development of such measurements was intended to be part of the initial application process but community and voluntary sector groups lacked the expertise to devise robust outcome measures.

How well does the Council measure, monitor and report performance?

- 24 The Council's monitoring of progress against service plans is adequate. Department management teams monitor plans and report progress to the Executive quarterly. However, whilst the Council can demonstrate some examples of comprehensive reports on service progress providing performance data, analysis and planned actions, monitoring arrangements have not been effective in ensuring delivery. For example, the disability equality scheme was published after the legal deadline and the gender equality scheme, legally required by 30 April 2007, was planned for completion in November 2007.
- 25 The monitoring of performance is not yet robust. The Council has effective processes to capture BVPI information but monitoring of all call centre performance has not been comprehensive. For example, at the time of the review, the Council was unable to measure and track service issues across the organisation as a whole due to differing call centre arrangements. The Council acknowledged the problem and has put plans in place to address it.
- 26 The Council's target setting processes are poor. A review for the Performance Management and Improvement Board found that some targets were set to allow deterioration in performance rather than improvement, some took no account of the Council's determination to improve performance year on year and some were insufficiently challenging. Target setting guidance was available but the Council recognised additional effort was required to ensure the 2008/09 target setting process was much more disciplined and effective. A series of challenges by the Deputy Chief Executive was therefore undertaken during the service planning process to ensure that target setting was more robust for 2008/11 service plans. Weak target setting undermines the policy of year on year improvement and can reduce staff motivation.
- 27 The Council has strengthened its performance management arrangements but these are not yet fully effective. Quarterly performance reports are provided to the corporate management team and formal reports are provided to the Council's executive and the scrutiny committee. Key performance issues are highlighted through effective analysis. Information is provided on the Aiming for Excellence programme and the activities of the Policy and Improvement Team. The new performance management framework was introduced as part of the Norwich Improvement Plan, a change and improvement programme aimed at progressively transforming all the Council's internal support systems. However, it is early days yet, and whilst there are some signs of improved performance, further work is needed to move from measuring performance to consistently monitoring and managing it.

- 28 The Council's management of corporate projects to secure its priorities and outcomes has been weak. Some projects were managed by external consultants, but in-house led projects had been subject to little monitoring and management with no formal benefits realisation process. The Council has previously embraced and benefited from the robust methodology utilised by its IT partner, Steria, to support the three year business process re-engineering programme, but did not utilise that learning and experience across the Council. The Council is now at an early stage of implementing its corporate methodology for project and programme management adopted from the toolkit supplied by East of England assembly. The toolkit was piloted with some capital projects including the St Peter Street City Centre re-development and is scaleable in that the toolkit provides a proportionate management structure relative to the size of the project. The Council has now devised an effective and consistent process for initiating projects in line with the Council's priorities. In addition, the service improvement team has taken responsibility for coordinating projects and ensuring learning is transferred and is working with services to introduce effective workflow processes to secure service improvements, for example in the implementation of choice based lettings.
- 29 Councillor monitoring of capital projects is weak and inconsistent. Despite councillor membership of the Capital Programme Board, reports are not provided to cabinet on a regular basis and therefore limited scrutiny exists. The Capital Programme Board, comprising the Finance portfolio holder and officers meets monthly. Project progress reports are collated by the Capital Programme Manager who provides the overall monitoring report using red/amber/green gradings. Project managers are required to attend the Board in person if their projects are graded red or amber, in order that the Board can scrutinise the project in more detail. Revenue based projects are not subject to the same monitoring system but report to a separate project or programme board. It is important that councillors fully understand the position of the capital programme and the impact this may have on other key decisions they may make.
- 30 The performance management of partnerships has been poor. Whilst there were strengths in partnership working overall, the Council found that the governance framework was weak and inconsistent, and was not supporting partnerships in delivering priorities. In addition, there was no consistent and structured approach to performance management across all partnerships. For example, the City of Norwich Partnership Delivery Board required regular reports from the various streams of work but there was no standardised format and a lack of clarity around the arrangements. However, the Council has identified the weaknesses and is taking positive steps to improve the effectiveness of partnership working including a 'traffic light' approach in the monitoring of NRF projects which has been effective in allowing the Board to take corrective action quickly.
- 31 The Council does not have an effective corporate framework for monitoring and learning from complaints. Some individual services monitor and manage their own complaints, but without a corporate approach, the Council will not be able to take clear strategic decisions about how to improve services for local people. The Council recognises this and has plans to improve through its 'Aiming for Excellence' programme.

- 32** The Council's post-implementation review process is ineffective. The Council's new project management process makes provision for post-implementation reviews but these are not yet consistently taking place. The Council does not have a formal benefits realisation process and currently, it cannot be certain that its projects are delivering the outcomes intended. Post-implementation reviews are an essential element of any project management system, to assess outcomes achieved, identify lessons learnt and to ensure learning is transferred.

What impact does the Council's performance management arrangements have on the quality and efficiency of service delivery?

- 33** The Council's performance management arrangements have not been effective in improving the overall quality and efficiency of service delivery as fast as the Council wants. The Council's performance in 2006/07 was mixed when judged against other authorities. Fourteen of the performance indicators were in the top 25 per cent and 15 in the worst 25 per cent. The Council's performance in the first two quarters of 2007/08 has again been mixed:
- 48 per cent of indicators show improvement compared with 45 per cent in 2006/07; and
 - 32 per cent are showing worse performance compared with 20 per cent in 2006/07.
- 34** The level of satisfaction of residents of the Council is low when measured against other Norfolk districts. The Council scored poorly in most areas particularly in relation to:
- the number of complaints made;
 - satisfaction with how the Council runs things;
 - keeping residents informed of services and benefits
 - satisfaction with waste collection, recycling and recycling facilities.
- 35** The Council has made poor progress in meeting its own targets. For example, in 2006/07, few targets were met in relation to council housing, recycling, environmental health and food premises inspections. However, more success was achieved against development control and benefit fraud targets and the housing benefit service has continued the consistent improvement of the past three years with a number of indicators among the best performers. Performance in the first six months of 2007/08 has been mixed, with the Council achieving nine of its 25 targets and failing to reach 16. However, improvements have been delivered in the turnaround time for voids and in recycling, both of which were a focus of the new Performance Management and Improvement Board.

- 36 The impact of Scrutiny Committee on performance improvement has been limited. The Committee has experienced three different chairs and a number of changes of membership in the last three years and has yet to establish how it will drive through continuous improvement effectively. The Committee receives regular performance reports but there is limited evidence of its impact in facilitating performance improvement.
- 37 The Council has made some progress in delivering better outcomes for local people. For example, during 2006/07, the Council embarked on a set of five short-term commitments in line with corporate priorities. Some positive outcomes have been achieved, including four additional street neighbourhood wardens and more CCTV cameras in areas of risk. However, it is too early to measure the actual impact in terms of levels of crime and fear of crime at a neighbourhood level.
- 38 The Council has taken positive steps to identify its performance management weaknesses and to put in place the improvements needed. In July 2007, the Council established a Performance Management and Improvement Board to identify areas where the Council might enhance its performance, and to lead and give direction to the 'Aiming for Excellence' programme. The Chief Executive chairs the Board, portfolio holders and strategic directors attend alternate meetings which are held monthly. It holds directors to account and where performance is below target, service heads are asked for reports or action plans. For example, a 'voids' action plan was required, outlining how the service would improve performance and detailing who would be responsible for taking each action forward. Performance subsequently improved dramatically.
- 39 The Council is supporting improvements in performance management through an effective approach to training. In 2007, the Council devolved the training budget to services and service specific training is now organised and funded locally. The budget was set at £312,000 for both 2006/07 and 2007/08 and allocation per member of staff compares very well with other authorities. If a development need trend is identified across services, corporate action is taken to address that need, for example, customer care training. An additional investment of £100,000 was made in 2008/09.