

Report to: Outsourced Services Scrutiny Panel

Date of meeting: 4 July 2017

Report of: Head of Corporate Strategy and Communications

Title: Understanding performance indicators as part of the council's performance management framework

1.0 SUMMARY

- 1.1 Watford BC's Corporate Plan sets out the council's priorities and corporate work programme over a four year period. Underpinning the plan is a suite of key performance indicators including these identified as (KPIs). These measures support the delivery of good quality services (both internal and external) by highlighting areas of good performance and, more importantly, poor performance. Highlighting poor performance gives the organisation the information required to address these areas and the extent of improvement needed.
- 1.2 The attached report outlines the council's approach to the setting, reporting and monitoring of performance information within the context of its overall performance management framework and in particular its key performance indicators (KPIs)

2.0 RECOMMENDATIONS

- 2.1 Panel to note the report on the council's performance indicators as part of the organisation's overall performance management framework.

Contact Officer:

For further information please contact:
Kathryn Robson, Head of Corporate Strategy and Communications ext.: 8077 or
kathryn.robson@watford.gov.uk

3.0 **Background information**

What do we mean by performance management

In simple terms it is taking action in response to actual performance to make outcomes for users and the public better than they would otherwise be

Whilst the national agenda on performance management changed substantially in 2010, with the abolition of the national performance framework that had steered local authorities for over a decade, the discipline and improved outcomes that a strong and effective performance culture had helped promote means that councils have retained a focus on managing performance. This is because the ability to manage the performance of a council is seen to be a critical component of its success. It enables members and officers to assess whether the organisation is achieving what it set out to do, delivering high quality, value for money and making life better for its citizens

Watford BC has, therefore tailored a system for managing organisational performance to improve what we do and, more importantly, what we deliver, in terms of good quality services that meet the needs of local people.

3.1 **Measuring performance - Why do we collect performance indicators**

3.1.1 Key to this performance system is the council's suite of performance indicators and specifically our key performance indicators (KPIs), which assist us to define and measure progress towards our organisational goals and objectives. The aim of these indicators KPIs is to provide comprehensive, objective, information about the performance of the council, rather than rely on subjective, largely anecdotal, accounts of what we do well and the areas in which improvements could be made. They can also ensure that the organisation is focused on its key priorities, and that areas of poor performance are questioned.

3.1.2 It is important to recognise that performance measurement is never an exact science. Most indicators are, at best, designed to measure one aspect of performance which is believed to be important. As such, they need to be seen in context and used alongside other information when an organisation is forming judgements on its services.

3.2 **Developing performance indicators**

3.2.1 Robust performance indicators should be:

- Relevant to the aims and objectives of the council.
- Clearly defined, to ensure consistent collection
- Easy to understand and use
- Cost effective to collect

3.2.2 Most performance indicators will have three component parts:

- The measure itself

- The comparator – the benchmark or yardstick on which the performance will be compared. We compare to previous years and previous period (usually the quarter) and, where possible, to other councils
- The target – the level of achievement expected over the period being reviewed

3.2.3 Some examples of performance indicators:

Cost indicators – the cost of providing a service, e.g. expenditure per full-time staff

Quality indicators - the standard to which a service is delivered e.g. street cleansing

Utilisation rates – the extent to which available services are used, usually expressed as a percentage, e.g. the proportion of customers using a service

Time targets – the average time taken to carry out defined units of work, e.g. time taken to process planning applications

Demand indicators – a broad measure of potential demand, e.g. throughput of a leisure centre, need for temporary accommodation

Volume indicators - the amount of a given output delivered e.g. waste per household

Satisfaction indicators – what residents think about services

3.2.4 As the council has moved from direct service delivery of all services to a ‘mixed economy’ of in-house services and outsourced services, performance indicators are now also an integral part of understanding the performance of our outsourced partners. Some of these indicators are built into the contract specification (e.g. waste and street cleansing) and form part of our suite of KPIs whilst others are identified to understand the overall effectiveness of the service (e.g. throughput at leisure centres). With the ‘lead authority’ model established with Three Rivers for Finance, HR, IT and Revenues and Benefits services, the agreement between the councils means that performance measures for these services are treated in the same way as outsourced services (i.e. reported to Outsourced Services Scrutiny Panel). Many of them are also incorporated into our KPI suite.

3.2.5 Whilst a number of measures are retained year on year within the suite of KPIs, which are reported to the council’s Leadership Team, Cabinet and Scrutiny Committees, there is always scope to review this suite and for proposals to come forward for new measures, which could help with the monitoring of service performance. These would be considered within the guidance as set out in 3.2.1.

3.3 Setting targets

3.3.1 Targets are important in directing attention towards key priorities, particularly when the expected performance:

- Motivates people to look for new or better ways to deliver.
- Demonstrates the commitment of the council to continuously improve what it does

3.3.2 Targets are set each year by the service and considered by members at both PH level and at Scrutiny Committees. The aim is to ensure targets challenge the service to improve, particularly where current performance is low. However, over a number of years it can be unrealistic to expect performance to continue to improve significantly and a service, in agreement with members, might view maintaining performance as the appropriate course of action.

3.4 Reporting and monitoring KPI performance

3.4.1 A range of performance information is collected on both a monthly and quarterly basis. This information is reported to the council's Leadership Team, shared with Portfolio Holders and Cabinet and is formally reported to either Overview and Scrutiny Committee (in-house services) or Outsourced Services Scrutiny Panel (outsourced services) in the form of a report that shows:

- Result for the period
- Performance against target
- Trend analysis – against previous year / previous period
- Comments on current performance – particular if it is below target
- Benchmarking information – if available

3.4.2 These reports are developed to allow performance to be questioned and challenged. Below are some of the key questions to ask in monitoring performance:

- **Why is performance at the current level?**
 - Are we meeting our target?
 - Why has the variance occurred?
- **What difference does it make?**
 - What are the implications of not meeting this target?
 - Do resource levels need to be looked at?
 - What impact will this have on service users, local people and partner agencies?
 - How will this affect our corporate priorities?
- **How can we make sure that things get better?**
 - What performance is predicted for the next period?
 - How can performance be improved (for example: are additional resources or training required)?
 - When will performance be back on track?

3.5 Is there a statutory duty to collect and report performance indicators?

3.5.1 In the past the vast majority of the performance indicators we collected were part of our statutory duty as a local authority. Since the end of the national performance regime, the number of those we have to statutorily collect has reduced significantly. Some, however, are still collected by government departments and each service area is,

therefore, responsible for completing the statutory returns as required. Areas where this is the case include:

- Housing – homelessness figures, temporary accommodation figures and rough sleeper numbers
- Planning – planning performance
- Waste and recycling – waste collected and waste recycled
- Revenues and Benefits – council tax and NNDR collection, benefit claims (new and change of circumstances)

3.5.2 Where there is a requirement for statutory returns, information is then collated by government and published, which does allow benchmarking of performance.

3.5.3 As we move further away from the ending of the national performance framework, councils have increasingly made their own decisions on which indicators to retain, any new ones to collect which are relevant to their own circumstance and which ones to cease collecting. This has made benchmarking difficult for any indicators not now collected at a national level. This includes satisfaction indicators, which were once part of the national framework.

The lack of benchmarking information can make it hard to identify what ‘good looks like’ when it comes to performance, which is where challenging ourselves becomes critical to understanding where we need to improve or do things differently. It is also why KPIs and other performance measures need to be considered within the overall context of service performance, rather than as the complete picture in themselves.

3.6 **Data quality**

Services are responsible for ensuring the data presented is accurate and timely. This can be more of a challenge when it is reliant on an external partner but, overall, performance information is reported on time and correctly. The Head of Corporate Strategy and Communications provides feedback where a result might appear out of step with previous reports and an explanation can be sought where this is the case. Most indicators have an approved methodology for how they should be calculated, which does help support consistent data quality.

4.0 **IMPLICATIONS.**

4.1 **Financial**

4.1.1 Within the council’s performance measures are a number of key financial indicators, which are monitored to ensure the organisation’s financial targets and commitments, as set out in the Medium Term Financial Strategy, are met.

4.2 **Legal Issues (Monitoring Officer)**

4.2.1 As detailed in this report, there are a number of performance measures that the council

has a statutory duty to report to government

4.3 **Staffing**

4.3.1 A range of performance indicators are collected in relation to the council's workforce including sickness absence and demographic profile.