

<p><b>SUBJECT: Overview of Performance Management Arrangements</b> <b>MEETING: Audit Committee</b> <b>DATE: 3<sup>rd</sup> December 2015</b> <b>DIVISIONS/WARDS AFFECTED: All</b></p>
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## **1 PURPOSE**

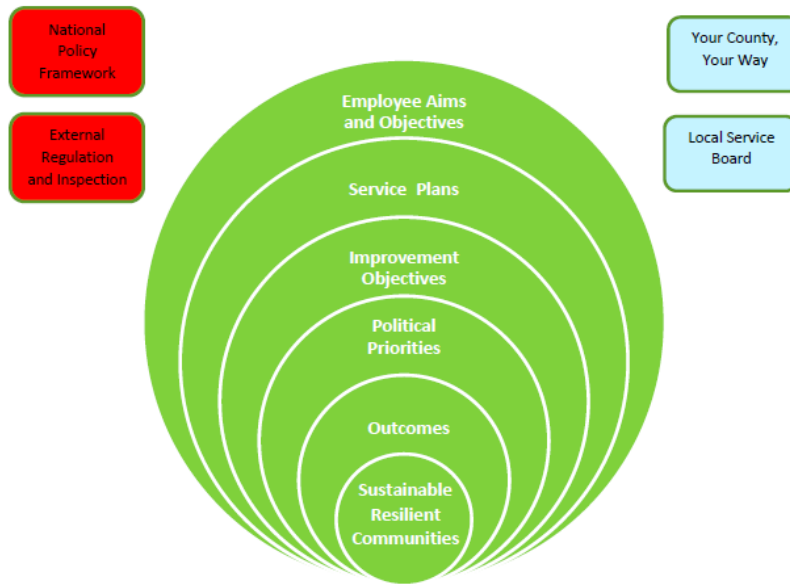
- 1.1 To present an update on the effectiveness of the authority's performance management arrangements.

## **2 RECOMMENDATIONS:**

- 2.1 That members use the update provided to seek assurance on the operation of the authority's performance management arrangements and identify any areas where they feel action needs to be taken or further information provided.

## **3. KEY ISSUES:**

- 3.1 Performance Management is about establishing a shared understanding of what needs to be achieved and making sure that it happens. Our performance framework:
- translates political ambition into a series of Improvement Objectives
  - places an expectation on teams to translate these into specific, measurable actions in their service plans
  - contains a broad range of data to monitor impact and measure the performance of services
  - requires employees to receive regular appraisal to demonstrate how they are contributing to the objectives
- 3.2 The main elements of the improvement framework are shown in the diagram on the following page. There are some other key processes that are part of and/or facilitate aspects of the framework. These are: The Outcome Agreement with the Welsh Government, Whole Authority Strategic Risk Assessment and self-evaluation arrangements.
- 3.3 The framework makes sure that everyone is pulling in the same direction to deliver the vision and priorities of the organisation. This report provides an appraisal of the arrangements to ensure that Audit Committee are able to take an overview of their effectiveness. Each arrangement has been scored based on the Council's Self-evaluation framework, Level 6 Excellent, Level 5 Very good, Level 4 Good, Level 3 Adequate, Level 2 Weak, and Level 1 Unsatisfactory. The committee last received an update on performance management arrangements in March 2015.
- 3.4 We also place reliance on regulatory assessments as a vital part of our improvement framework. In particular these are the Wales Audit Office (WAO) who examine the authority's corporate arrangements, Estyn in relation to education provision and the Care and Social Services Inspectorate for Wales in relation to social services.



3.5 Where applicable the most recent findings of regulatory work has been factored into the appraisal of arrangements. These include the *WAO Annual Improvement Report 2014-15, incorporating the Corporate Assessment Report 2015*, published in November 2015 and The Estyn monitoring letter following the monitoring visit in March 2015 on Recommendation 6. This recommendation was to ensure that performance management is effective and robust and allows elected members and senior officers to identify and address underperformance.

3.6 Audit Committee also receive specific updates on any areas where it is considered the authority needs to take action in response to the reports, these are consolidated within WAO proposals for improvement and statutory recommendations.

#### 4. RESOURCE IMPLICATIONS

4.1 There are no additional resource implications as a result of this report. However, there may be resource implications in undertaking further actions as directed by Senior Leadership Team or as recommended by the Audit Committee.

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Improvement Plan	
Purpose:	Each year we publish two separate but complimentary improvement plans. The first one (Stage 1) is published each May. It sets the Improvement Objectives that the council plans to deliver in the year ahead to improve services and work towards delivering the vision. The second one (Stage 2) is published every October. It describes what we have done to deliver the Improvement objectives we set in the previous year and evaluates our performance for the year. Progress against the Objectives is reported six monthly to Select Committees
Evaluation Score:	Level 4 – Good
Position October 2015	<p>The stage 1 Improvement Plan for 2015/17 was published in May 2015. The Objectives in the plan were revised to reflect the priorities, and associated performance expectations in Cabinets partnership continuance agreement, published in March 2015.</p> <p>Based on previous audit feedback received from Wales Audit Office alterations were made in the planning process to provide clearer links between the activity in the plan and measures of success to monitor progress, performance and impact against the objective.</p> <p>Each action area has a clearly defined timescales and milestone/measure attached. The measures included provide two years' worth of trend performance data and set a target quantifying the expected impact of performance. This enables the Improvement Objectives to be scored based on the Council's Self-evaluation framework, which was further developed in the Improvement Plan 2015/17 to set defined criteria for each scoring level (Level 1 – Unsatisfactory to Level 6 – Excellent).</p> <p>The plan also includes further sections that are not required legislatively at this stage of planning but provide valuable information to inform planned future objectives, this included:</p> <ul style="list-style-type: none"> <li>• Information on the Medium Term Financial Plan</li> <li>• Further information on council performance and value for money.</li> <li>• 2014/15 outturn data on National Performance Indicators.</li> </ul> <p>The Wales Audit Office has recognised the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements and issued the certificate of compliance for the 'Audit of Monmouthshire County Council's 2015-16 Improvement Plan'. The WAO Annual Improvement report identified the "Council responded positively to our feedback on its 2014-17 Improvement Plan and sought to address our comments when compiling the 2015- 17 Improvement Plan. A review of the draft</p>

Improvement Plan for 2015-17 identifies improvements in target setting and improved links between actions and measures.” As part of the more detailed feedback of the audit there remain areas for improvement.

The impact of these arrangements will be determined when the assessment of performance is completed at the end of 2015/16.

The Wales Audit Office have issued a certificate of compliance stating the council has discharged its improvement reporting duties through the evaluation of performance in the Stage 2 Plan published in October 2015. In this plan we responded to the areas for improvement identified by WAO as part of the issuing of the certificate for the previous evaluation of performance in October 2014. These included being clearer on the criteria for assessing the overall performance of each improvement objective, how this is informed by the weight of evidence reported and improving the links between some measures and actions.

Based on the performance achieved and impact made the Council’s Improvement Objectives were scored as:

- Objective 1: We will provide an improved education provision for Monmouthshire - Level 3 – Adequate – Strengths just outweigh weaknesses.
- Objective 2: We will work to help people live their own lives by building flexible and responsive services - Level 4 – Good – Important strengths with some areas for improvement
- Objective 3: We want to enable our county to thrive - Level 4 – Good – Important strengths with some areas for improvement
- Objective 4: We want to be an efficient, effective and sustainable organisation - Level 3 – Adequate – Strengths just outweigh weaknesses

This evaluation identifies areas where we are performing well and areas that still require improvement that will inform our future plans for improvement.

Key future actions

Continue to improve outcomes measures to ensure we identify and adopt quality and robust metrics that measure what matters.

## Service Plans

<b>Purpose:</b>	Each service sets a Service Improvement Plan (also called business plan) annually. Service planning and regularly evaluating our performance is fundamental to how we operate and allows services to plan for the future, assess what went well, learn from what didn't and assess the impact the service has made on people and places of Monmouthshire. Service Plans ensure clear alignment between the council's priorities and objectives, actions the service will be undertaking, performance measures of the service across four key quadrants of Staff; Finance; Processes and outcomes and the management of strategic and operational risks facing the service.
<b>Evaluation Score:</b>	Level 4 - Good
<b>Position October 2015</b>	<p>A strengthened service planning process was introduced in 2013. This established principles that services must comply with in their plans along with a common template and a balanced scorecard to measure performance across four key quadrants of Staff; Finance; Processes and outcomes.</p> <p>The corporate Policy and Performance team now appraise all SIPs to ensure:</p> <ul style="list-style-type: none"> <li>○ That service activities captured in the plans are aligned to strategic plans as relevant</li> <li>○ The plans align to the outcomes that the service is looking to achieve</li> <li>○ The quality of plans are robust based on key appraisal factors of; being evaluative, aligned, measuring impact and managing risks.</li> </ul> <p>There has been a significant improvement in the clarity and focus of plans across directorates. Although there remains variability in the overall quality of plans, while the timeliness of completing plans at the start of the year needs to be improved. As part of the Corporate appraisal plans are scored using the council's self-evaluation framework scoring levels (Level 1 – Unsatisfactory to Level 6 – Excellent). The latest evaluation of 2015/16 plans shows 2% are scored at Level 2 – Weak, 37% are scored at Level 3 – Adequate, 52% are scored at Level 4 – Good and 9% are scored at Level 5 - Very Good. No plans are unsatisfactory or excellent.</p> <p>The plans are now available on The Hub and are accessible to all officers and members providing increased transparency of progress and clear alignment of teams to the vision and strategic direction of the organisation. Performance against the service plans is assessed quarterly by services. There has been an improvement in the timeliness of quarterly reporting against actions and measures in the plans, although, again, the timeliness remains variable in some areas and needs further enforcement through Directorate Management Teams.</p> <p>The Estyn Monitoring letter following the Monitoring visit in March 2015 identified:</p>

“The CYP’s [Children & Young People directorates] service improvement plans align well with the key corporate themes within the single integrated plan. The service improvement plans identify broadly the priorities for improvement appropriately. However, it is not always obvious in the service improvement plan what actions the local authority is taking to address the areas for improvement.

“The CYP’s directorate has a more effective system for reporting on the progress against the actions in the service improvement plans and on the achievement of performance indicators to senior officers and elected members. Staff at all levels are beginning to be held to account more rigorously for their areas of responsibility.”

**Key future actions**

Continue to appraise Service Improvement Plans to further strengthen the quality of service planning.

**Performance data and information**

<b>Purpose:</b>	<p>Performance data and information is essential to our performance framework. This comprises of nationally set performance indicators by Welsh Government we must report and locally set indicators that services have developed to measure the impact of their service.</p> <p>All staff and members need to regularly access and use performance and analysis of performance effectively and efficiently to evaluate the performance of a service.</p>
<b>Evaluation Score:</b>	Level 4 – Good
<b>Position October 2015</b>	<p>The council has seen service performance improve, or remain at the maximum level, in 84% of comparable National Performance indicators and declined for 14% of them. When comparing against other local authorities Monmouthshire was ranked in the top quartile for 44% of the published indicators and the bottom quartile for 16% of indicators. 63% of indicators met the targets that had been set, while 23% missed their targets.</p> <p>Data quality audits, undertaken by Internal Audit on nationally set and published performance indicators and locally set and published indicators in 2014/15 have both been given a draft control rating of “Good”. Within this there remain recommendations from the internal audit reports that require further attention, while these are not materially significant to the output of the data published they need to be addressed to ensure processes are improved to meet Internal and External audit requirements.</p> <p>In January 2015 Wales Audit Office undertook a data quality review of a small sample of published PIs for 2013/14 these identified issues with some indicators, particularly with data systems underpinning a couple of newly developed local performance indicators.</p> <p>The data quality process continues to be strengthened. Internal guidance notes on completing national and local performance indicators respectively, including internal audit briefs are produced setting clear requirements for data compilers. With continued support from the Policy and Performance team to strengthen arrangements. It is recognised that there is particular risk to data quality, including target setting, when developing performance data measures for new policies or initiatives that may not have been subject to data quality processes previously. These areas will be particularly targeted for policy and performance team support.</p> <p>In 2014/15 we developed an authority-wide performance measurement system for the Council, the “data hub” hosted on the council’s intranet site. This is available within 3 clicks of the homepage that opens up on all laptops and enables members and officers to track and monitor key data at any point in time from key strategic plans to directorate level “dashboards”. This also allows performance to be</p>

compared against other council areas, where applicable. A Cabinet level dashboard contains a number of key performance measures and is discussed quarterly by SLT and Cabinet. We need to continue to ensure the information on the hub is easily accessible to as wide a range of audience as possible to ensure it is fully utilised by those who need it.

The Wales Audit Office Annual Improvement Report (AIR) recognised:

“The Council has developed a sound in-house performance management system to replace its previous system and this will increase availability of information to members and staff...The performance hub is an initiative that has helped to support the performance management arrangements of the Council. However, the design and build of the databases that deliver the hub, whilst functional, are not fully developed to ensure efficiency, accuracy and resilience of the data.”

Service targets are set in service plans and subject to challenge by Department Management Team and the Policy and Performance teams. A consistent system to maintain an audit trail and rationale for performance targets has been established through the data hub.

There had been an issue of errors in a small number of targets where these were published in multiple documents. An audit of targets was undertaken and scrutinised by Select Committees before being approved by Cabinet in December 2014. This provided Members with a clear rationale for any changes, the opportunity to challenge and ensure suitable approval for changes.

All approved targets were subsequently used to evaluate the Council’s performance in the Stage 2 Improvement Plan 2015. There were identified errors in subsequent reporting of some targets in the Cabinet dashboard at quarter 3 2014/15, where some revised targets had not been amended in the report, which was also identified in the WAO Annual improvement report. This highlights the need to continue to ensure changes to targets are checked and processes to update data are robust before reporting on the council’s performance measurement system.

**Key future actions**

Continue to quality assure the council’s performance measurement database to ensure target changes are captured and an audit trail of changes maintained.

Continue to strengthen target setting procedures based on available information and data (this should reduce the need for changes)

Continue to identify and adopt quality and robust metrics that measure what matters.

Allocate Internal Audit time appropriately to focus on the data systems underpinning data as well as the accuracy of the outputs of the data.



**Staff Appraisal (Check-In, Check-Out)**

<b>Purpose:</b>	Appraisal enables all staff to know what is expected of them, to agree how values and behaviours are linked to how we perform at work and to ensure that all of our work links to the wider purpose of the organisation. Managers at every level are expected to set the right standards, coach, motivate, recognise and feedback on poor performance and reward those people who deliver good performance.
<b>Evaluation Score:</b>	Level 3 - Adequate
<b>Position October 2015</b>	<p>The revised employee performance appraisal system (Check in Check out) introduced in April 2014 ensures employees have clear and effective understanding of their contribution to the objectives of their teams Service Improvement Plan.</p> <p>Data shows that 84% of employees who are expected to have an individual appraisal have had one. However there have been some problems with the approach used to gather the information which means the actual figure may well be higher. The staff questionnaire and a staff focus group have been used to gather feedback on the process. Based on feedback received, which included the Check in Check Out is not always well understood by staff and managers, the check in check out process is being reviewed and further developed. The WAO Annual Improvement Report made a proposal for improvement to deliver a clear process of assessing and improving the performance of all staff and that department, team and individual objective setting is in line with the Council’s corporate objectives.</p>
<b>Key future actions</b>	Review the guidance to support check-in, check-out to ensure there is absolute clarity of expectations on staff and managers

Risk Assessment	
Purpose:	<p>The risk assessment captures the High and Medium level risks that face the council in line with the council’s risk management policy. This ensures that:</p> <ul style="list-style-type: none"> <li>• Strategic risks are identified and monitored by the authority.</li> <li>• Risk controls are appropriate and proportionate</li> <li>• Senior managers and elected members systematically review the strategic risks facing the authority.</li> </ul> <p>The Risk log is a living document and will evolve over the course of the year as new information comes to light. While it is live on the hub for Select Committees to use throughout the year, it is also specifically reported to Select Committees annually in December/January and signed off by Cabinet once a year as an accurate record of the risks facing the organisation.</p>
Evaluation Score:	Level 3 – Adequate
Position October 2015	<p>In March 2015, following scrutiny by Select Committee, Cabinet approved updates to strengthen the previously agreed strategic risk Management Policy, these included; The requirement to ensure a live risk assessment is updated throughout the year when new information becomes available and is accessible to officers and members on the intranet and further guidance clarifying the language used to describe risks and specific explanations of risk likelihood and impact ratings.</p> <p>The revised risk assessment in 2015 identified risks that have been dealt with or which no longer constitute the most pressing risks facing the authority. This ensured that the risk assessment is more concise than in previous years containing any new risks and those that remain live from the previous risk assessment. The risk assessment was presented twice to select committees the first time to provide members with an overview of existing risks, to consider these alongside the budget reports and use the risks to inform the future work programme of the committee. The second time to scrutinise the risk log before it is signed off by Cabinet. The risk assessment was also included as part of the Budget setting papers for Council.</p> <p>This helped strengthen the link between the risks identified through the budget setting process and the strategic risk facing the authority. Select Committee members did raise concerns about the level of information provided in the risks assessment to fully understand the nature of some risks and the lack of clarity on how the risk levels were allocated, including pre and post-mitigation scores. Select Committee also identified further risk areas for consideration in inclusion for the strategic risk assessment.</p>
Self-Evaluation	

	<p>While these concerns were largely addressed in finalising the 2015 risk assessment for approval. There remains a need to ensure an appropriate balance is struck between providing clear and concise risks and providing sufficient information and evidence to fully understand the risk. The WAO Annual Improvement Report recognises the improvements that have been made to risk management arrangements but suggests the need for further improvements to be made including providing further clarity in articulating risks and the risk levels allocated.</p> <p>The latest version of the risks assessment is on the hub and will be reported to Select Committee for scrutiny in December 2015 and January 2016 and will once again be reported to council as part of the budget-setting process. The frequency on which this is updated and wider awareness of it needs to improve for the risk assessment to increase its relevance and impact throughout the year, in line with the revised policy, rather than just at the point in the year it is reported.</p> <p>Lower level risks are not registered in the risk assessment unless they are projected to escalate within the three years covered. These are managed and monitored through teams' service improvement plans. While this process is evaluated elsewhere, the risk assessment in services plans is often an area particularly identified for improvement to strengthen the capture and management of risks facing services.</p>
Key Future Actions	Ensure that findings in the Annual Improvement Report relating to risk management are addressed when the register is signed-off by Cabinet in February 2016.
Purpose:	Self-evaluation allows us to appraise what we have done and; assess what went well, learn from what didn't and plan future activity informed by what we did and the impact made.
Evaluation Score:	Level 4 – Good
Position October 2015	<p>There is now a more uniform understanding across the council of what constitutes good performance for the council, the way in which these judgements are formed and challenged by Members and senior officers. Self-evaluation has been strengthened in existing process and three new elements - have been introduced to further strengthen arrangements as part of the council's performance management framework:</p> <p>Head of Service Challenge - This process involves the Leader, Chief Executive and Executive Members with the aim of evaluating and challenging performance to drive improvements in services ; identifying actions and ensure ownership and accountability for performance and service improvement</p>

## Outcome Agreement

Purpose:	<p>As well as our own priorities we also recognise the priorities set by Welsh Government. Monmouthshire County Council has signed a three year Outcome Agreement with Welsh Government (2013/16). This sets stretching targets and milestones working towards the issues of national importance, as described in Wales’ Programme for Government and matches them against objectives set locally. Successful achievement of targeted performance, as determined by approval of the Minister for public services provides grant funding over the period of the agreement at just over £800,000 from the Welsh Government. Progress against the objectives is reported six monthly to Select Committees. The themes we are working towards are:</p> <ul style="list-style-type: none"> <li>• Improving school attainment</li> <li>• Ensuring people receive the help they need to live fulfilled lives</li> <li>• Poverty and material deprivation</li> <li>• Living within environmental limits and acting on climate change</li> <li>• Improving early years’ experiences.</li> </ul>
Evaluation Score:	Level 5 – Very Good
Position October 2015	<p>The Outcome Agreement is currently in its final year (2015/16). Each year, 2013/14 and 2014/15, the reporting process has been carried out on time with Welsh Government and negotiations taken place on any revisions to actions, performance indicators and targets to ensure the agreement remains relevant to the activity the council is planning to achieve.</p> <p>The Outcome Agreement is evaluated annually using the Welsh Government scoring mechanism, 2 points for “successful” performance, 1 point for “partially-successful” performance and 0 points for “Unsuccessful” performance. To be fully successful the Outcome Agreement must achieve at least 8 points from a possible 10 across the 5 themes in the agreement. For the Outcome Agreement in 2014/15 the performance against all five themes indicates the Agreement is “Fully Successful” based on scoring 9 points out of a possible 10 and the Council would receive 100% of funding, however the scoring is waiting the approval of the Minister for Public Services. The scores for each theme were:</p> <p>Theme 1: Improving school attainment, Partially Successful – 1 point  Theme 2: Ensuring people receive the help they need to live fulfilled lives, Fully Successful – 2 points  Theme 3: Poverty and material deprivation, Fully Successful – 2 points  Theme 4: Living within Environmental limits and acting on climate change, Fully Successful – 2 points  Theme 5: Improving early years’ experiences, Fully Successful – 2 points</p>

	<p>In the summer of 2015 the Welsh Government announced the final year of funding for performance in 2015/16 would no longer be attached to performance in the Outcome Agreement and would be rolled directly into the Revenue Support Grant for 2016/17 onwards, thus effectively ending the Outcome Agreement in March 2015. However given the importance placed on the agreement as part of the Council's performance framework to deliver the outcome set we will continue to monitor performance against the agreement for its final year in 2015/16.</p> <p>An end of year appraisal will take place at the end of 2015/16 to evaluate progress against the themes over the three years of the agreement (2013/16).</p>
Key Future Actions	<p>Complete an appraisal evaluating impact made over the three years (2013/16) of the Outcome Agreement.</p>
	<p>Performance Clinics - Held on an exception basis as an intervention for high risk or long standing performance issues that despite action being taken have not been resolved.</p> <p>Corporate self-evaluation - This process was introduced to examine the whole authority. It allows us to bring together and learn from the views of residents, staff, partners and others who have a view of the effectiveness of our work. In September 2014 the council undertook its first corporate self-evaluation. The process involved a team of 5 officers, 4 internal and one independent senior officer from another authority over the course of a week. At the end of the process the team's findings, in terms of strengths and areas for improvement was produced and an action plan was produced in response to the findings and its implementation has been monitored by the senior leadership team and embedded in the council existing performance arrangements.</p> <p>The Wales Audit Office Annual Improvement report states: the Council "has introduced Heads of Service Challenge sessions to increase accountability and has developed Service Improvement Plans and Heads of Service Plans setting out performance data, targets and risks. Performance clinics have been established to support those managers whose services are underperforming. This demonstrates improvements in the accessibility of information and an increased focus on holding members and managers to account.</p> <p>Wales Audit Office also observed one of the Head of Service Challenge sessions "Our observation of one of these sessions found the process was well structured and welcomed by officers and members as an opportunity to share information but it is too early to say what impact they are having on service outcomes."</p> <p>A review of the new arrangements has been completed to assess the effectiveness of the new arrangements.</p>

	<p>A broad summary of the findings are:</p> <ul style="list-style-type: none"> <li>• The processes strengthens an understanding, scrutiny and accountability of service performance</li> <li>• The process provides clear expectations and findings on areas for improvement</li> <li>• Communication on the purpose of the processes needs to be clear to increase understanding</li> <li>• The need to hold follow up sessions to challenge progress and impact made.</li> </ul> <p>The evaluation will inform any changes to self-evaluation. These will be presented to single member decision.</p>
<p><b>Key Future Actions</b></p>	<p>Agree any changes through single member decision.</p> <p>Hold follow-up challenge sessions for each Head of Service covered in the first round.</p>