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**REPORT TO: MORAY COUNCIL ON 7 AUGUST 2019**

**SUBJECT: PERFORMANCE MANAGEMENT FRAMEWORK**

**BY: CHIEF EXECUTIVE**

**1. REASON FOR REPORT**

- 1.1 To seek approval of a revised Performance Management Framework for the Council.
- 1.2 This report is submitted to Council in terms of Section II (13) of the Council's Scheme of Administration relating to the approval of Council Reports and Strategies of a corporate nature.

**2. RECOMMENDATION**

**2.1 It is recommended that the Council:-**

- i) **note the issues identified with the current approach to Performance Management;**
- ii) **consider and approve the new Performance Management Framework, guidance and templates produced as Appendix A to this report;**
- iii) **agree that training for elected members on their role in effective performance management be provided;**
- iv) **note that training and development for officers on this subject will also be provided; and**
- v) **note that the Corporate Management Team (CMT) will review self-evaluation activity.**

**3. BACKGROUND**

- 3.1 Over the past year officers have been working with the Improvement Service in a number of areas, including a review of the Council approach to performance management. The Performance Management Framework was last reviewed in 2013. Since then, the Council has introduced a Corporate Plan, the 10 Year Local Outcomes Improvement Plan – the LOIP – has been developed and the strategic focus within many council services has shifted as

financial savings have been made. The approach to performance management has not kept pace with these changes.

3.2 A Performance Management Framework (PMF) should deliver the following:

- Support the corporate vision for Moray
- Support better diagnosis of issues and so better decision making
- Help to clarify corporate objectives and priorities
- Drive better service performance and the delivery of improved outcomes
- Promote accountability and transparency
- Instil confidence in stakeholders including service users and employees
- Enable Best Value to be demonstrated

3.3 The review identified a number of weaknesses in the current approach to performance management:

- A PMF should follow a clear plan – do – review cycle. Planning should both cascade down from strategic plans and be built up from operational experience, with a “golden thread” clearly apparent, showing how priorities run through all aspects of activity from high level strategy to operational service delivery. Although disparate reviews of the Corporate Plan and LOIP have affected this relationship, crafting appropriate and relevant linkages and performance indicators for both plans has been recognised as an ongoing challenge
- Reporting frequencies and destinations were viewed as reasonable, but Service Plans and quarterly monitoring needed to be simplified as over the years practice had become inconsistent, in part because the service planning process is seen as unwieldy and involving unhelpful duplication with other performance management systems
- More could be done to embed a performance culture within the organisation, both at service and elected member level. At service level, one example given was in the area of major strategies where new strategies were often implemented with little thought to how success, which should be framed in terms of outcomes and the difference being made, would be measured. This should be an integral part of creating a strategy, not something that is retrofitted. At elected member level, it was suggested that committees were not calling for poor performance such as that identified within inspections or audits to be regularly reported back to show that progress was being made.
- Plans supporting the delivery of priorities did not always identify appropriate performance indicators. Ideally there should be a “balanced scorecard” approach with a mix of input, activity/process, output and outcome indicators; a mix of quantitative and qualitative measures (e.g. customer feedback); a mix of cost and performance.
- The approach to self-evaluation across the council was mixed and the use made of results was not always clear

3.4 In light of these observations, a review of the whole performance management system was undertaken led by the Corporate Policy Unit Manager working with the Research and Information Team and CMT/SMT (the Senior Management Team) and a number of actions identified:

- i) The Performance Management Framework should be reviewed to address the issues identified. The revised PMF is produced as **Appendix A**. This is intentionally detailed in terms of the plan – do – review cycle to ensure that all stakeholders have a full understanding of the role which they play within that system. In contrast, Service Plan templates have been simplified. The Improvement Service and CMT/SMT have reviewed the PMF and support the revised PMF
- ii) Service Plans in terms of the new process will be prepared and submitted to the relevant service committee during quarter 3 of 2019/20. This should allow time for the Corporate Plan review currently ongoing to be completed and embedded in the new plans. Particular care will be required to ensure that the “golden thread” test is met in the areas of highest corporate priority. In addition, the Improvement Service has recommended that there is a focus on a relatively small and manageable basket of indicators as too many can result in a loss of that clear focus on priorities
- iii) A workshop for elected members will be arranged to provide guidance and support in utilising the new PMF, and particularly on the balance to be struck between asking difficult questions at committee about performance against strategic priorities while still encouraging a positive culture of improvement which ensures that officers feel able to be open about levels of performance, good or bad
- iv) Training will be held for officers both on the new PMF but also on the most effective way to articulate linkages and understand the route from operational activity to impact and the delivery of outcomes
- v) CMT will review self- evaluation activity underway and ensure that there is a corporate programme, particularly in the areas of highest priority, and that the results of this evaluation are fed into the service planning process.

#### **4. SUMMARY OF IMPLICATIONS**

##### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

Effective Performance Management is fundamental to delivery of the Corporate Plan and LOIP as outlined in the report.

##### **(b) Policy and Legal**

Effective performance management enables the council to deliver its statutory duty to make arrangements to secure Best Value as required by the Local Government in Scotland Act 2003. Audit Scotland view managing performance as a continuous part of the day to day role of councillors and all staff.

##### **(c) Financial implications**

Effective performance management contributes to good governance and enables resources to be targeted at the highest priorities.

**(d) Risk Implications**

The review described identified a number of weaknesses in the council's current approach to performance management. If these are not addressed timeously, there is a risk that this will lead to adverse findings in the anticipated Best Value Review, with the reputational and other consequences which this would bring.

**(e) Staffing Implications**

There are no staffing implications arising directly from this report.

**(f) Property**

There are no property implications arising directly from this report.

**(g) Equalities/Socio Economic Impact**

There are no equalities/socio economic implications arising directly from this report.

**(h) Consultations**

In preparing this report, consultations have been undertaken with CMT/SMT and the Democratic Services Manager whose comments have been incorporated in the report.

**5. CONCLUSION**

**5.1 The council's Performance Management Framework has been revised to address weaknesses identified in the current approach. This should be implemented without delay to place the council on a strong footing for the forthcoming Best Value Review.**

**5.2 Recognising that performance management can operate effectively only within a wider system in which continuous improvement is embedded in corporate culture, training for officers and elected members will also be provided.**

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Background Papers:

Ref:

SPMAN-1108985784-70

SPMAN-1108985784-71 (Appendix A)