Sunderland City Council

Corporate Planning
And
Performance Management Framework
1 Introduction

1.1 The Council faces complex and wide ranging challenges, some externally driven (e.g. from central government) and some locally driven (e.g. corporate priorities). Effective and integrated planning, performance and risk management throughout the organisation is therefore critical to our success.

1.2 This Planning and Performance Management framework will help us:

- Clearly articulate our priorities and desired outcomes
- Prioritise what gets done within the resources available
- Provide and demonstrate value for money
- Provide good services and satisfaction for users and the local community
- Improve performance
- Motivate and manage our staff

1.3 Simply put, its purpose is to deliver the best outcomes and services in relation to our priorities and statutory responsibilities within available resources, and to create an “early warning system” where this is not the case. To do this, we need to be intelligence focussed and take action in response to actual performance to make outcomes better than they would otherwise be.

1.4 Why manage performance?

In simple terms: What gets measured gets done.

- If you don’t set targets/goals, you can’t measure results
- If you don’t measure results, you can’t tell success from failure
- If you can’t see success, you can’t celebrate/reward it
- If you can’t reward success, you might be rewarding failure
- If you can’t see success, you can’t learn from it
- If you can’t recognise failure, you can’t correct it
- If you can demonstrate results, you can win public support

Source: Reinventing Government - Osborne & Gaebler (in part)

1.5 Performance should be managed at a city/corporate, service, team/operational and individual level, with each informing the other. To know when and what action to take, performance has to be measured, monitored and analysed. To know how to judge performance, criteria must be agreed (aims, objectives and targets). Applying this to the whole Council requires a systematic approach – our Performance Management Framework.
2 Planning and Performance Management Cycle

2.1 The principles of effective planning and performance management are clear and simple (as set out below). This framework sets out how we make this a reality.

2.2 Corporate (strategic) Planning and Performance

2.2.1 Our corporate planning process will set out a direction for the Council, devise objectives and identify a range of strategies to help us achieve our objectives, within the resources available. Key to this process shall be:

- Engagement and consultation with stakeholders (including partner agencies and communities);
- Our Medium Term Financial Strategy;
- Use of intelligence and performance information (including equality);
- Clarity about those priorities (internal and external) which the Council is seeking to address and how it will address them;
- Effective leadership – responsibility and accountability for the achievements necessary to address the priorities.
2.2.2 This will be reflected in a Corporate Plan that covers:

- Council Purpose
- Vision
- Values
- Financial and Transformation challenges
- Key Priorities (City and Council)
- Key Planned Achievements and Lead EMT member

2.2.3 The planning process shall be undertaken simultaneously with the financial planning process. The risks to delivery of the corporate and financial plans and risk appetite shall be assessed by EMT and form the Council’s Strategic Risk Profile.

2.2.4 Performance in relation to the Corporate Plan shall be collated centrally for quarterly reporting to EMT Members, EMT, Joint Leadership Team (JLT) and Scrutiny, alongside financial reporting.

2.2.5 It is however also important for operational performance information to feed into strategic decision making and vice-versa, i.e. bottom-up as well as top-down.

2.2.6 Although the Corporate Plan will be a 3 to 5 year plan, it shall be kept under review with, at least, an annual refresh.

2.3 Service (operational) Planning and Performance

2.3.1 Our service planning process will provide an opportunity for EMT and Heads of Service (HofS) to discuss the detail of what needs to be delivered, how, when and by whom, in the context of the Corporate Plan and statutory/service responsibilities. This will include prioritisation, resource planning, action planning, risk management, performance measures and evaluation of equality impacts to ensure compliance with the Public Sector Equality Duty.

2.3.2 The culmination of this process will be the production of Service Plans for each HofS that, as a minimum, set out the following.

- A clear description of purpose, key statutory requirements, service challenges, priorities/objectives and the service(s) that is to be delivered (key activity) over the forthcoming year. This should cover the services’ contribution to the achievement of the Corporate Plan and how it intends to deliver and improve business as usual activity;
- Organisational arrangements / structure of the service;
- Resource position, current and projected, including identification of efficiencies required;
- Key actions to be taken focusing on the results to be achieved and key milestones towards the final result/outcome. This should cover service development, performance improvement, service transformation, and efficiencies;
• Performance measures that allow the outcomes and standards of service to be measured, including current performance levels;
• For each performance measure a clear articulation of the aim, aspiration or standard to be achieved (targets, thresholds, performance bandings etc);
• A consideration of equality impacts;
• Significant risks and how they shall be managed.

2.3.3 Heads of Service in agreement with their EMT Member can develop the Plans (including format and presentation) in accordance with their business needs whilst ensuring that the corporate minimum content requirements set out above are met and are clearly visible.

2.3.4 A template based on the above will be provided annually by Corporate Planning and Performance functions for those services that wish to compile a Service Plan to a standardised format.

2.3.5 It is important that these Service Plans are well-thought out and that they focus on specific, measurable, achievable and realistic actions with appropriate timescales and measures. This will be validated by the relevant EMT member with review and support from the corporate planning and performance functions as well as service level performance officers as appropriate. In addition to validating the Service Plan, the relevant EMT member will consider links to activity across the council to identify cross-cutting and cumulative impacts.

2.3.6 Service Plans are owned by Heads of Service as they are responsible for producing them and for delivering them. Performance in relation to matters included within the Service Plans shall be collated, reviewed and documented at monthly performance reviews between each HofS and their EMT Member, with oversight by DMT’s. This could form part of regular one-to-ones or be separate. The performance reports shall cover:

• Summary of performance against all measures and targets set out in the Service Plan (including equality measures), along with RAG ratings;
• Detailed performance data / trends / forecasts (as appropriate) underpinning each measure along with a commentary;
• Budgetary performance;
• Progress relating to transformation / efficiency targets;
• Information relating to any risks that are rated ‘Red’ along with proposed mitigating actions.

2.3.7 Where the priorities / outcomes are to be met through third parties (e.g. partner organisations or contractors including alternative service delivery models) the Corporate Supplier Relationship and Contract Management Framework needs to be considered / used.

2.3.8 If and when new priorities arise, circumstances change or there are other changes to resources during the year then the plans will need to be re-prioritised and all impacts re-considered.
2.4 Operational Measures

2.4.1 Each service shall determine those operational indicators that measure progress toward meeting the day-to-day objectives of the activity / area. These generally relate to productivity, compliance with standards and safety. Depending upon the nature of these measures and the service area some of these may be included within the Service Plan itself.

2.4.2 Heads of Service should identify any service critical measures which are not currently captured and work with corporate / directorate performance/intelligence officers on filling these gaps.

2.5 Accountability and Individual Performance

2.5.1 Accountability for performance must exist at all levels of the organisation – individually as well as collectively for strategic and / or cross cutting issues. It is important, however, that the drive for individual accountability should not diminish collective accountability. In practice this may mean that an individual is accountable for:

- A performance measure whereby they are not managerially responsible for all of those activities / services that contribute towards its achievement;
- A performance measure, that when considered in isolation may appear to provide little insight, but when considered within a basket of measures is of collective interest;
- Performance improvement activity (measured through actions, milestones and activity) intended to improve performance measured or experienced elsewhere;
- Activity intended to influence or shape action by others outside of the council (e.g. partnerships) that will improve council performance or cross-organisation outcomes.

2.5.2 As such, service delivery and activity performance cannot be performance managed purely at an individual service level. Analysis and interpretation also needs to be undertaken on an outcome as well as service based approach. On this basis the Corporate Performance function will draw upon service and activity level data in support of strategic / high level analysis. Collective accountability will be driven through leadership by those individuals accountable for cross cutting themes / priorities.
2.5.3 It is critical that managers within the Council ensure their staff:

- Know and understand what is expected of them (good communication that inspires);
- Have the skills and ability to deliver on these expectations (invest in development);
- Are provided with delegated freedom to succeed (empowered);
- Are supported by the organisation to meet expectations;
- Are provided with opportunities to think and contribute to individual/team/service objectives;
- Are given honest/constructive feedback on their performance including setting out expectations for improvement where necessary, as well as recognising good performance.

2.5.4 The Corporate Plan and Service Plans shall form the basis of personal objectives set for each EMT member, Heads of Service, managers and individuals, and achievement against these shall be discussed at regular one to ones.

2.6 **Risk Management**

2.6.1 Throughout the planning and performance management process/cycle process risks need to be identified, assessed and appropriately managed. This process will be integrated to the corporate and service planning and monitoring arrangements and set out in Corporate Risk Management Policy and Strategy.

2.7 **Scrutiny**

2.7.1 Performance information gathered and reported in relation to the Corporate Plan and Service Plans shall form the basis of reports to the relevant Scrutiny Committee following JLT consideration. The performance information shall be used by Scrutiny to review and scrutinise performance and identify areas of concern for further scrutiny investigation.

2.8 **Assurance**

2.8.1 The performance information gathered through this framework shall be taken account of within the Integrated Assurance Framework, and the priorities and plans shall guide the allocation of internal audit, and risk and assurance resources.

2.9 **Annual Review**

2.9.1 An annual report shall be undertaken in November/December each year setting out progress against the Corporate Plan and Service Plans, which shall be reported to EMT, JLT and Scrutiny, and inform future planning. This shall inform the content of the Council Tax Leaflet.
2.10 Planning Framework

2.10.1 The diagram below illustrates how the above fits together.

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**Policies and Strategies**

- **High level outcome measures**
  - (City and Council)

- **Service measures**
  - Input, output and outcome measures of service objectives

- **Operational measures**
  - Input and output measures used in day-to-day management

**Corporate Plan**
- (October - February)

**Service Plans**
- (December - February)

**Team / Individual Plans**

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Risk Identification and Assessment, Scrutiny, Assurance
2.11 Performance Reporting and Management Framework

2.11.1 We will use performance indicators, targets and other intelligence to measure and improve performance. This will be reported and discussed regularly at the same 3 levels, as below:

* The framework of reporting above does not diminish the responsibility for EMT Members / HofS / managers to raise, discuss and escalate specific risks or issues as they arise.

2.12 Reporting Framework

2.12.1 Performance is to be reported every quarter to EMT, JLT and Scrutiny, and aligned to the financial reporting process.

2.12.2 EMT may wish to consider thematic reports on performance between quarterly reporting to enable further consideration of specific issues / topics or where closer scrutiny of performance improvement is needed.
Supplementary Guidance

What is performance management?

Performance management is a systematic process for measuring the factors that contribute towards our success as a Council and using that information to actively manage performance to achieve that success.

Performance is managed overall at three distinct levels – strategic, service and operational.

At a **strategic** level, Members and the management team need to ensure that services are provided which meet the needs of the public, now and in the future, whilst remaining within the budget available. Members and the management team also need to ensure that there are appropriate and meaningful measures underpinning our vision and objectives so that they can be assured that we are making progress towards our vision, priorities and objectives published in our Corporate Plan.

At a **service** level, Heads of Service need to monitor performance against their service plans. These include all tasks, projects, measures and risks relating to their own service objectives and from any other source, e.g. Transformation Programme, external inspectorate recommendations, internal audit recommendations etc. This ensures that all managers have one single action plan to monitor and report against, making best use of their time and ensuring that information is only reviewed once.

At an **operational** level, individual work plans may be in place to monitor and report on team and individual performance to feed up into the service plans and beyond. This is part of the appraisal process.

Feedback on performance at all levels is required to regularly link our results to the implementation of our plans and strategies. Performance gaps arising from differences between targets and achievements need to be identified early so that remedial action can be taken. These measures will demonstrate that our performance and service delivery meets our published objectives, standards and targets.

We then develop a balanced set of performance measures to monitor and report on the progress of those plans.
Performance measurement

A performance indicator is a tool for conveying performance information. Most indicators will be expressed in terms of a relationship to a ‘unit’, i.e. per head of population; per staff member; a percentage etc. This enables comparisons over time within or between services and ultimately between authorities.

There are two levels of performance indicators:

- National Indicators (NIs) set by the Government
- Locally defined indicators set in consultation with users and others

**National Indicators (NIs)**  
National Indicators are the main yardsticks against which the Government judge our performance, at area, corporate and service delivery levels. They are designed to allow comparability of local authorities performance to improve accountability to local people and assist in improving the service they receive.

Even the best performance indicators cannot tell you everything. The Audit Commission: “A measure of success” 1998 states that “performance indicators should be treated as can openers; that is, as a starting point for exploring performance fully. Indicators need to be interpreted carefully and on their own are rarely sufficient to make definitive judgements. Some important aspects of services cannot be easily measured through performance indicators, so other sorts of information – such as detailed feedback from service users and reviews by external inspectorates – are needed to provide a complete picture.”

Most NI’s stopped in 2011 but some indicators are still collected by the DCLG through the single data list for local government:

Where the previous national indicators remain useful to our own performance management arrangements we have continued data collection as local indicators.

**Local Performance Indicators**  
Many of our services are not covered by national performance indicators therefore we have established local performance indicators. If properly used, local indicators are an important measure of performance demonstrating our ability to respond to local needs; they provide managers with local information allowing them to manage a particular service effectively.
Choosing Local Performance Indicators

A wide range of data could be gathered for each service. What we need is a handful of indicators to provide a balanced and realistic picture of performance. Performance indicators are not necessarily accurate measures of performance but a set of indicators will give more useful information than a single measure.

It may be necessary to disaggregate information within a performance measure to ensure we have an understanding of whether there are different outcomes for different groups, and therefore whether different action is needed.

Performance Indicator Selection Criteria

Performance indicators should:

- Be set by the manager after considering consultation with their staff, Members and users;
- Meaningfully relate to the defined performance perspectives;
- Use reliable data sources;
- Include numeric elements to allow clear target(s) to be set;
- Involve, if possible, valid comparisons with those providing similar services;
- Be supported by data capable of audit and validation; and,
- Contribute to the public accountability of the service.

It is better to select performance indicators that are supported by information flowing from existing systems and processes for three reasons:

- The credibility of any performance management system depends upon the ease with which it is incorporated into recognised routines and practices;
- Data generated from existing sources is more likely to be reliable and free of manipulation; and,
- Using data from existing systems will reduce the costs incurred.

When developing new local PIs it is worth considering advice / guidance issued by the National Audit Office’s [Public Audit Forum](https://www.nao.org.uk/). Indicators should be:

- **F - Focused** on our aims and objectives
- **A - Appropriate** to, and useful for, the stakeholders who are likely to use it
- **B - Balanced**, giving a picture of what we are doing as a Council and covering all significant areas of work
- **R - Robust**, in order to withstand organisational changes or individuals leaving
- **I - Integrated** into the Council, as part of our planning and performance management processes
- **C - Cost effective**, balancing the benefits of the information against the cost

Good PIs should have the following attributes:

- Relevant
- Avoid incentivising unwanted behaviours
- Attributable
- Reliable
- Verifiable and robust
- Timely; and
- Consistent

PIs should be unambiguous and supported by clear definitions to ensure that the data is collected consistently to enable future meaningful comparison. Data quality requirements should be considered at the same time as the PI definition is set.

**Data Collection**

Given the volume of performance indicators and the local knowledge required, data collection and reporting systems appropriately sit within each individual directorate/service. The collection, compilation and reporting of PIs should support staff in their daily work wherever possible rather than seem irrelevant to their 'day job'.

**Designing Performance Indicators**

It is important that when the indicators are designed, the ability to audit/validate at a later stage is considered. This is covered in the data quality section below but issues to consider at the design stage are:

- Definitions for the numerator and denominator
- Unambiguous definitions for performance indicator wording
Performance target setting

As part of the corporate and service planning, we set a wide range of targets and we set out an action plan to demonstrate how improvements will be made. This is particularly important where priorities have not been achieved in the past. After a service review or an internal or external audit, a set of improvement actions may be incorporated into the relevant service plan/s and monitored monthly and quarterly as appropriate.

The Importance of Local Performance Targets

According to the Audit Commission publication ‘A measure of success’, targets:

- Focus attention on the kind of service required and expected;
- Help front line managers to focus effort and resources on priorities;
- Help authorities to adjust services and resources according to their priorities;
- Provide a route for involving the public in planning future services;
- Help organisations to develop a culture of continuous improvement;
- Put national performance standards into a local context;
- Help authority members to hold staff to account for performance; and,
- Help the public and service users to see if services are being delivered efficiently and effectively and to improve accountability for performance.

What makes a good performance target?

The Audit Commission publication ‘A measure of success’, also states that a good target must:

- Relate to a service or corporate objective;
- Be achievable but stretch the organisation;
- Have a clear, stable definition so achievement can be compared over time;
- Be easily understood;
- Have the commitment of authority members and staff;
- Be readily measurable;
- Have a named officer responsible for its achievement; and,
- Be honest and unambiguous.

In an ideal situation, performance should be monitored prior to setting a target to assess levels of current performance and to estimate what level of improvement is feasible. This is not always possible and in these cases an alternative source for this data is required, e.g. using the knowledge and expertise of those involved in delivering the service as a proxy measure.

Targets are a tool to help improvement, not an inflexible mechanism that can guarantee change.
Different Types of Performance Targets

The type of target required depends on the purpose and intended audience:

- ‘All-the-time’ targets - often called ‘promises’ such as we will answer all letters within one week;
- Percentage achievement targets;
- Commitments to achieve a stated level of performance against a standard such as 90% of telephone calls answered within 20 seconds.
- Qualitative targets;
- Descriptive promises about the kind of service people can expect;
- Time bound targets – to achieve an output or outcome by a specific date;
- Specific one off promises – which must be tied to specific target dates; and,
- National, regional or family targets.

Targets should be considered for inputs, outputs and outcomes – not just outputs.

According to the Audit Commission document ‘A measure of success’, ‘If the authority seeks to influence an outcome (and spends money doing so) then it ought to be able to demonstrate an effect on that outcome’. Not all outcomes are measurable, but there are differing degrees of outcomes and at some stage these can usually be measured.

Setting Targets for Performance Indicators

Targets for Performance Indicators are set in a number of ways dependent upon the indicator. For some there are national targets and standards; some we must demonstrate that our performance is consistent with reaching, over five years, the performance level of the top quartile (25%) of local authorities at the time the targets were set; and, for the others targets are set locally. All targets are published annually in the service plans.

Managers should set targets for performance indicators using the same methodology, with central assistance if necessary, to ensure robust target setting across all services. These targets should be endorsed by the management team and the relevant Portfolio Holder(s) via service plans.

Other types of targets

When we refer in this guidance to performance targets we are talking about a commitment to achieve a specific and better quality or level of service over a specified time frame. However, there are other types of targets which we use and we need to be clear about the difference.

Maintaining target – sometimes current performance is adequate and priorities are elsewhere so we would set a target to maintain this performance rather than for improvement.

Minimum standard – sometimes we define the lower level of service that is acceptable to the authority and customers as a trigger point rather than a performance target, i.e. if we fall to this level it would trigger remedial action, for example, planning processing times.
**Contextual target** – sometimes we set a different kind of trigger point rather than a performance target, i.e. if the number of benefit claims rises to a certain level then this would trigger a review of workload.

**Aspirational targets** – sometimes we would set a target in line with our ambitions as a team or as an authority which should not be treated as a performance target because its achievement is in some ways outside of the control of the team, e.g. a particular service may aspire to have no complaints and it would be counterproductive to treat one complaint as a ‘failure’. In this case we would recommend trend measures rather than target setting with the aim of improving performance over time but not against precise numbers.
Performance monitoring and benchmarking

There is little point measuring our performance if we do not intend to monitor it and to take action where necessary to make improvements. This is where monitoring and benchmarking comes in. Providing there is a balance in the choice of performance indicators, we can use monitoring reports to assess performance whether for a service, a directorate or corporately on a regular basis.

Performance monitoring cannot take place in isolation, results must be fed back to the planning process to ensure that learning and experiences from the last set of planned and achieved results can be used to further improve performance. These observations must be fed back to inform the strategy. This ‘positive feedback loop’ is essential for a successful performance management system.

Performance information is more meaningful if it can be set in context, for example, by using benchmarking. The Audit Commission defines benchmarking as ‘the process of comparing procedures and performance levels between and within organisations in order to identify where improvement is possible, how it might be achieved, and how much benefit it might deliver’.

Benchmarking is about building on the success of others rather than re-inventing the wheel. By systematically and regularly benchmarking, we can be in touch with current good practices not dated ideas. By comparing ourselves with others, we can make an assessment of our competitiveness and identify areas for improvement and possible solutions. It also provides contextual information so the public can assess our performance.

Benchmarking should be undertaken both internally and externally at different levels:

- Internally over time, whether at activity, service or corporate level;
- With other local authorities either our family group, nationally or best in class;
- With other private, public or voluntary organisations who are ‘best in class’.

Basic Benchmarking
The basic process of benchmarking is to:

- Select a similar service or activity for benchmarking against;
- Identify what data is required and where to collect it from;
- Analyse the information; and,
- If necessary, identify areas for change to improve the service/activity.

The Benefits of Benchmarking
The benefits of benchmarking are:

- It facilitates continuous improvement;
- It adds an external perspective;
- If focuses on what really matters; and,
- It enables performance baselines to be established.
Key questions to ask in monitoring performance

What is our current performance and why is it at this level?
- Are we meeting our target?
- Why has the variance occurred?

What differences 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?
- Is there an impact sustainability or efficiency?
- Is there an impact on equalities (are different groups getting the same outcome)?

How can we make sure that things get better?
- What performance is predicted for the next period?
- How can performance be improved (are additional resources/training/support required)?
- When will performance be back on track?
- Could other people be brought in to assist (internally or externally)?

What do we do next?
- What decisions need to be taken?
- What are the risks involved?
- What can we learn from this for the future?

Source: IDeA local leadership academy: performance management member workshop
Performance reporting

Performance reports identify ‘performance gaps’, highlighting if and where action is required to meet targets. Once these gaps have been identified, time-bound action plans can be created or adapted to improve performance towards the target. This is not the end of the process; it is a continuous cycle of review and action. It is important to regularly monitor and report on performance so any remedial action can be taken as soon as it is required, ensuring that there is a greater chance of making a positive impact.

Performance reports must:

- Link with established management systems;
- Provide either the ‘complete picture’ of performance or a picture of what is most important;
- Be above question re the accuracy, reliability and validity of the data;
- Be unambiguous in the message they convey regarding performance; and,
- Pinpoint areas where action to improve performance is best directed.

Reporting Framework

Performance is to be reported every quarter to EMT, JLT and Scrutiny using a template report for consistency.

Quarter 1 information covers April to June and is reported in Aug/Sept.

Quarter 2 is up to September and is reported in Nov/Dec.

Quarter 3 is up to December and is reported in Feb/Mar. This informs corporate and service planning for the year ahead.

The final report covering the whole financial year from April to March is reported in the following May/June. This provides the content for the Annual Report published in June.