

Guide to Performance Management in Maidstone

Updated December 2012

Contents

Introduction	3
1. What is Performance Management?	4
Performance Management at Maidstone Borough Council	4
Performance Management Process	7
2. Performance Indicators.....	9
What is a Performance Indicator?.....	9
Targeting Performance Indicators.....	10
Good Target Test.....	11
Covalent & Data Collection	11
1. Reach the Summit	13
2. Why is it relevant to me?	15
3. Benchmarking.....	16
Why Benchmark?	16
Benchmarking – Process	17
Pitfalls	18
4. Why is value for money important?.....	19
What is VFM?	19
Achieving Value for Money	20
5. Data Quality – why is it important?	21
Features of Quality Data	21
Data Quality @ Maidstone.....	22
Confused? Jargon Buster	23
Where to go now – useful links	25

Introduction

This booklet outlines what effective performance management is, what elements make up good performance management, and what policies and procedures the Council uses to report and improve its performance.

Performance Management can seem like a difficult thing to define but essentially its about setting goals and using information and data to check that you are getting there. The Strategic Plan sets out our overall strategic direction for the Council. It contains priorities, outcomes and measures of success. The performance Indicators and actions outlined in the measures of success will help us assess whether the outcomes have been achieved. Heads of Service and Unit Managers set out how these will be delivered through a range of plans and strategies including service plans. We have a number of performance indicators and targets which measure how we are doing and you can find out more in this booklet.

The important thing is that we deliver good quality public services that meet the needs of the whole community and performance management will help us do this.

If you have any queries about this guide or performance management generally please contact

Clare Wood

Performance & Scrutiny Officer

T: 01622 602491

E: clarewood@maidstone.gov.uk

1. What is Performance Management?

Performance Management can be summarised as:

Planning, delivering, monitoring and evaluating so as to achieve our objectives and the best possible service within the resources available.

The process of performance management can be defined as:



'Taking action in response to actual performance to make outcomes for users and citizens better than they would otherwise be.'

Performance management, measurement and information project (PMMI) - I&DeA
2006.

The principles of performance management are:

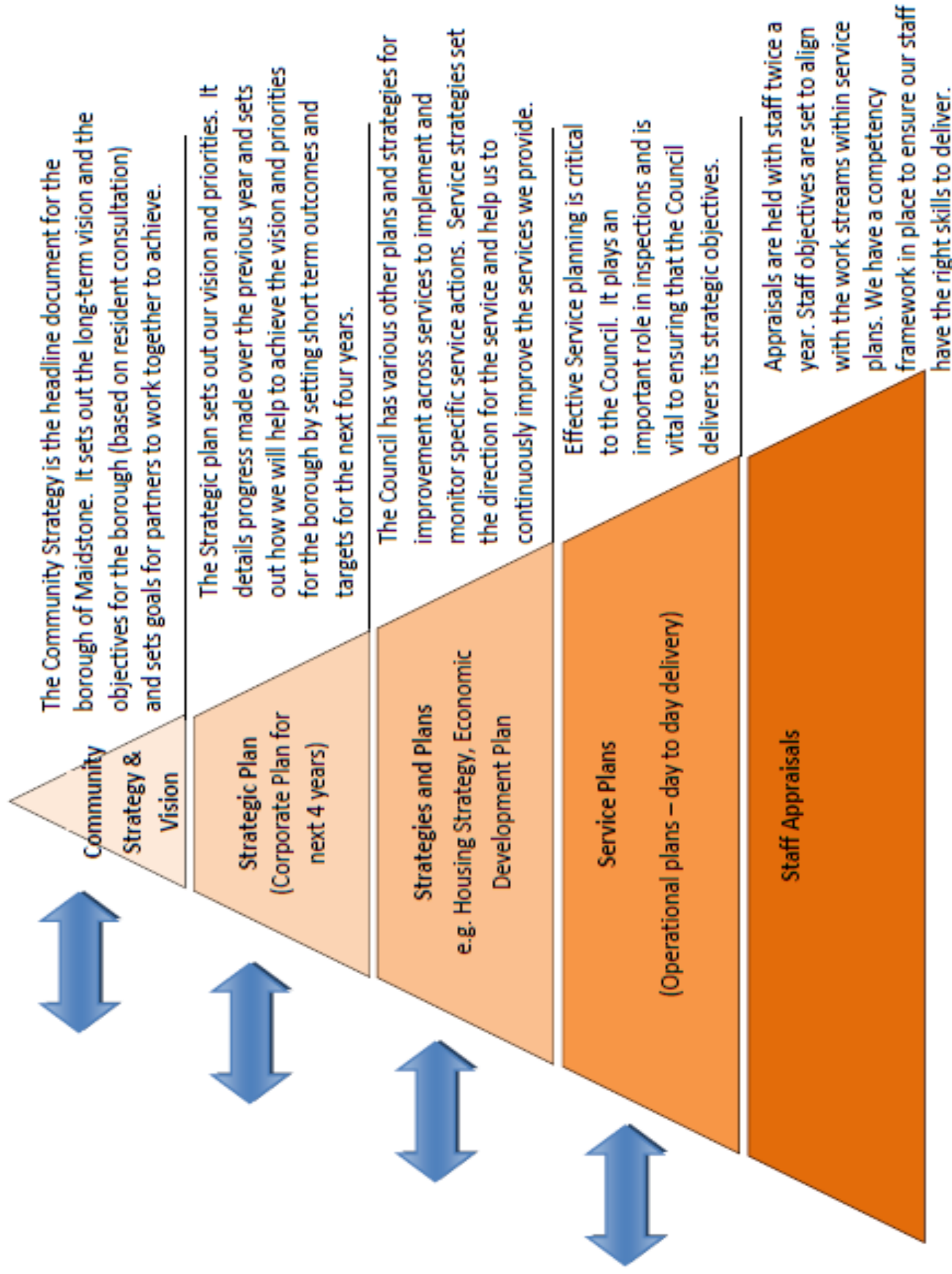
- What gets measured gets done;
- If you don't measure results, you can not differentiate between success and failure;
- If you can't see success, you can't reward it;
- If you can't reward success, you're probably rewarding failure;
- If you can't see success you can't learn from it; and
- If you can demonstrate results, you can win public support.

'Re-inventing Government' – Osborne & Gaebler.

Performance Management at Maidstone Borough Council

At Maidstone Borough Council performance management is the way in which the Council measures and monitors how its services and staff are performing against their targets. The Council uses this information to measure how it is improving and achieving against the strategic priorities and outcomes. Performance Management is effective at every level of the organisation as the Framework diagram on the next page shows; all personal performance and service performance feed into the Council's overall performance, and links back to the overall strategy for the authority, this is known as the Golden Thread and is explained in more detail on the following pages.

Medium term financial strategy (ensuring that funds are in place to deliver objectives)



Strategic Planning

Strategic planning is an organisation's process of defining its strategy, or direction, and informs how resources are allocated, including capital and people. The Strategic Plan sets the Council's priorities and outcomes for the next four years and how these will be monitored and delivered.

Service Planning

Service Plans are an essential part of effective performance management ensuring that priorities for the Council are truly embedded and by managing the activities of a service to achieve maximum performance.



Effective service planning helps us:

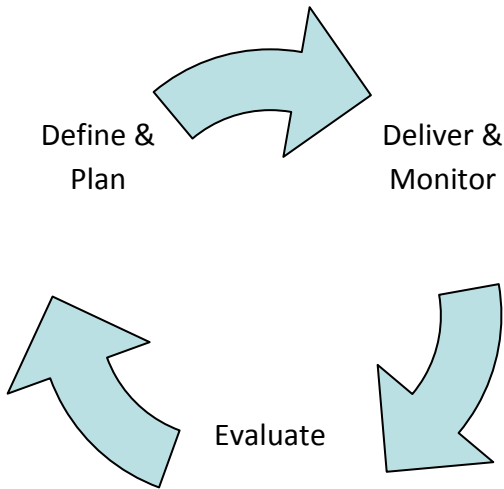
- deliver our corporate priorities
- match resources to priorities
- effectively plan at all levels

Service Plans fit into the hierarchy of plans and strategies below the Community strategy and Strategic Plan. They are developed within the context of Head of Service aims and objectives and are, in essence, the vehicles by which high-level objectives are delivered at an operational level. Service plans also determine individual objectives set at appraisals.

Service plans will be put together at service level (rather than Head of Service level), but Heads of Service will then pull together service plans within their area of responsibility to ensure that they are coherent and mutually supportive and that, between them, they deliver what is required in the Strategic Plan.

Whilst service plans cannot be finalised until the Council has finally agreed the Budget and Strategic Plan (in February / March each year), it is important that staff are engaged and involved in the service planning process and that appraisals are factored in also.

Performance Management Process



The performance management process is cyclical and consists of three stages, which are:

- **Defining and planning:** Identifying what type of performance is required and how it can be met.
- **Delivering and monitoring:** Providing appropriate support and development and checking progress.
- **Evaluating:** Assessing whether or not performance is to the required standard, recognising where standards have been met and seeking improvements where they have not.

In order to manage performance effectively, the following information should be considered in the planning stage:

- What actions are required to achieve the goals or targets?
- What resources are needed?
- How will progress be measured?
- Will problems be detected and resolved?

Progress reporting takes place in a timely manner and is communicated effectively; for example Strategic Plan performance is reported quarterly to Management team, Cabinet and Overview & Scrutiny this information is made available publicly. Operational Performance is reported monthly to Management team and is communicated to staff through notice boards and the staff newsletter.

Once it is recognised that performance in a particular area is not improving accordingly, action plans are put in place to try and mitigate the situation if there is an existing Action Plan this might be altered or an additional Action Plan can be drawn up to resolve the issues.



Balanced Scorecard

The Balanced Scorecard is a performance management system that translates a vision and strategy into practical and understandable measures and targets against which progress and achievement can be monitored. By identifying those factors critical to the success of the strategy the number of measures may be kept to manageable proportions. At Maidstone we have used balanced scorecards for both Strategic (through the Strategic Plan) and Operational (through reach the Summit see page 13) Performance Management.



The Balanced Scorecard recognises that performance in terms of customers, internal processes, skills and innovation are as important as financial performance and are linked together. For example better trained staff leading to faster and more accurate processing improves customer service and reduces cost. A Balanced Scorecard can be equally developed for individual services as it can be developed for the Council as a whole providing the alignment of service aims with the Council's key aims.

The Four Scorecard Perspectives

Financial: Timely and accurate financial data is still a key to manage the business. Data should be centralised and of fast and easy access, but financial data should not be the only indicator, thus the original intention of the word "balanced".

Customer: Indicators on customer satisfaction and tools to improve and monitor customer relations are critical – in particular for us with the localism agenda.

Business process: Metrics based on internal business processes allow management to monitor how well the business is running and whether its products/services are well accepted by clients.

Learning & growth: includes training, learning, corporate culture and attitudes, self growth. Individuals are the main repository of knowledge of an organisation and the critical resource. Communication among workers is key.

2. Performance Indicators

Embedding performance management throughout Maidstone Council is a continual process and involves everyone. The strategic direction of the Council is set by elected members, but they are dependent upon feedback from members of staff who are responsible for all levels of service delivery.

In order to manage the delivery of certain goals we use performance indicators (PIs). PIs provide useful management information which is monitored and acted upon.

What is a Performance Indicator?

A performance indicator is a measure of performance. Such measures are commonly used to help an organisation define and evaluate how successful it is, typically in terms of making progress towards to achieve an objective or deliver an outcome.



Historically there have been nationally set indicators that were statutory. The regime of centrally set indicators ended in August 2010 when it was confirmed that the Audit Commission would be dissolved. There are currently two sets of indicators Key Performance Indicators (KPIs) and Service Performance Indicators (SPIs).

Key Performance Indicators (KPI) are set out in the Strategic Plan and defined by the authority. They are the top-level basket of performance indicators and are monitored by Management Team and Cabinet on a quarterly basis.

Service Performance Indicators (SPI) is used to describe any other performance indicator that the Council use to manage its performance and they are defined by the authority (such as Reach the Summit performance indicators). They are reported to a variety of bodies depending upon the nature of the indicator. Some services also have other statutory returns that they need to make to government departments – for instance, the Housing Service provides quarterly information to the Department of Communities and Local Government.

There are five aspects of performance that are appropriate for measuring in local government:

1. **Strategic objectives** - Why the service exists and what it hopes to achieve
2. **Service delivery outcomes** - How well the service is being operated in order to achieve its objectives
3. **Quality** - The quality of the services delivered, reflecting users' experience of services
4. **Cost/efficiency** - The resources committed to a service and the efficiency with which they are turned into outputs
5. **Fair access** - Ease and equality of access to services

Targeting Performance Indicators

A target is a commitment we make to achieve a specific quality or level of service. Setting them enables service delivery to be focused and measured, leading to continuous improvement. Targets can be both long and short term. Long-term targets are statements of where we want to be in, say, three to five years time. Short-term targets underpin these and represent the steps we take to achieve the long-term targets.



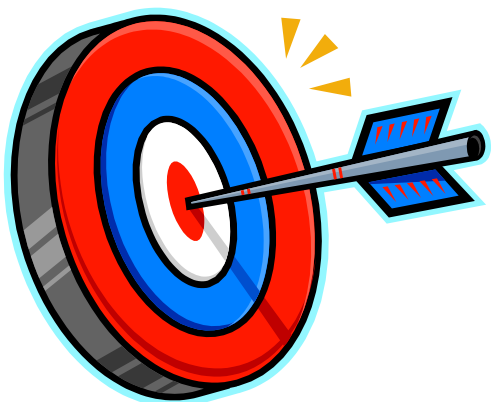
Targets are important. They help to clearly focus on what is important. They can help us to improve our efficiency and effectiveness and can be used to demonstrate our performance to the public. They also:

- Focus attention on the kind of service that is needed, making it clear to staff, members and the public, what level of service is expected.
- Help front line managers focus effort and resources on priorities.
- Help organisations to develop a culture of continuous improvement.
- Help the public and service users to see whether services are being delivered efficiently and effectively and to hold the authority to account for performance.
- Help local authorities to know when and how to adjust services and resources according to policy priorities
- Provide a route for involving the public in planning services

Effective targets need to be realistic but challenging. They should always encourage improved performance, and motivate people when there is a probability of success. Targets that are too difficult debilitate rather than motivate and those that are too easy often lead to complacency.

Good Target Test

When setting targets it is important to consider the following – targets should be **'SMART'** that is, they should be:



Specific - related to a service and corporate objectives

Measurable – input – output - outcome

Achievable - but also stretch the organisation

Realistic – able to reach the target

Timescaled – clearly setting out by when the expected standard or level of service will be achieved.

If you want to find out what PIs your department has please speak to your service manager.

Covalent & Data Collection

The timely collection of data is crucial to the statutory reporting to central government and reports to Management Team and Cabinet. It is vital that data is reported as soon as possible after the end of the period as often data will inform strategic and key operational decisions.

The performance data must be calculated as instructed to do so in the PIs guidance which can be found on the Council's Performance & Risk Management System – "Covalent" within the relevant indicator or in the current Performance Indicator Handbook available from the Policy & Performance VIndex site.

All performance data including updates on action plans must be submitted through Covalent. Once the data has been input into Covalent it must be checked and confirmed (Activated) by the Data Manager. Training on these processes is provided by the Performance & Scrutiny Officer.

Below is an outline of when performance data is due and where it is reported. Data Entry Officers and Managers have 10 days to enter, activate and provide a performance comment if required.

What	Data Requested	Reported to
KPIs and SPIs within RTS	Quarterly on: 1 st July 1 st October	Management Team Overview & Scrutiny Cabinet

	1 st January 1 st April	
Complaints Report	Written quarterly using database report	Management Team Overview & Scrutiny Cabinet
Strategic Actions	Bi-annually on: 1 st October 1 st April	Management Team Overview & Scrutiny Cabinet

3. Reach the Summit



'Reach the Summit' (RTS) is the Council's quarterly performance management system. The system sets clear targets for each 'service area' or 'team' using the balanced scorecard approach, highlighting operational performance and adherence to corporate standards. It helps Management Team acknowledge good performance and acts as an early warning to potential service delivery issues.

Each team has three indicators one customer focused, one finance focused and one process focused. The learning and development perspective of the RTS scorecard is the progress of the team's service plan, this is measured monthly. Improvements to service areas and complaints monitoring are also reported through Reach the Summit.

Results against targets are shown as one of three levels up the mountain (Basecamp, Firstbase and Summit). This enables the Council to rank each team in a league table to show each department's position and help service managers' map and identify areas of concern. Target setting is very important as points are awarded based on the level achieved and where possible KPIs are used within RTS to assess team performance.

Points are deducted for responding to complaints outside the corporate timescales (0.25 for every complaint assigned to the service that was responded to outside the corporate timescale. The points achieved across the indicators are summed and any points achieved or lost through improvements or complaints are added.

The overall score is then ranked as set out in the table below to create a league table.



Level	Definition	Points
No data	Data for period not submitted/activated within timeframe	-0.25
Basecamp (RED)	-10% below target	0
Firstbase (YELLOW)	Between -0.1% and -9.9% below target	1
Summit (GREEN)	On target	3



There are two quarterly awards; Top Team for the team that is at the top of the league table and a runner-up is awarded to the team that has the highest average position in the league table over the previous. The runner-up award can only go to a team that has not received either award in the previous three quarters. The Chief Executive pays a visit to the winning teams to thank them for their hard work.

Reach the Summit information is reported to Management Team quarterly. This enables action to be taken quickly if required. This performance information is fed back to staff through, for example the staff newsletter 'Wakey Wakey' and staff notice boards. The system is designed to raise awareness of performance management, encourage innovation and improve communication and the morale of staff.

4. Why is it relevant to me?

Maidstone Borough Council recognises that to be successful, it must be aware of what it is aiming for, and have a clear vision and focus. Performance management is an essential ingredient for improving and delivering quality services. Many councils have found that improving their performance management has helped them to achieve both real breakthroughs in performance, and incremental improvement in their core services.

It is important to keep in mind that as an authority we are striving for corporate and customer excellence in all that we do. Therefore it is vital to monitor performance and regularly review and validate it across the board.

For performance management to be effective objectives must run through all levels of the organisation from the top level through teams and down to the individual.

We need your help in setting our goals and making sure we achieve them.



5. Benchmarking

The term benchmark refers to the reference point by which performance is measured against. It is the indicator of what can and is being achieved. The term benchmarking refers to the actual activity of establishing benchmarks and 'best practices' making it a self-improvement tool.

Benchmarking is the continuous search for and adaptation of significantly better practices that leads to superior performance or a cost saving by investigating the performance and practices of other organisations (benchmark partners Dimensions typically measured are quality, time and cost.



Why Benchmark?

There are many benefits of benchmarking. The main benefits are:

- Provides realistic and achievable targets;
- Challenges operational complacency;
- Creates an atmosphere conducive to continuous improvement;
- Allows employees to visualise the improvement which can be a strong motivator for change;
- Creates a sense of urgency for improvement;
- Confirms the belief that there is a need for change; and
- Helps to identify weak areas and indicates what needs to be done to improve.

Benchmarking is a powerful management tool as it overcomes 'paradigm blindness' this can be summed up as; the way we do it is the best because this is the way we've always done it.

Benchmarking opens organisations to new methods, ideas and tools to improve their effectiveness. It helps crack through resistance to change by demonstrating other methods of solving problems than the one currently employed, and demonstrating that they work, because they are being used by others.

Benchmarking – Process

Benchmarking involves looking within and outside your own organisation to see what other do to achieve their performance levels. Benchmarking helps us understand the process behind excellent performance. Successful benchmarking includes the following steps:

- Understand existing processes;
- Analyse the processes of leading organisations;
- Compare own performance to those analysed; and
- Implement changes to improve performance.



Identifying Benchmarking Partners

Primary competitors – These are appropriate if it is a valid comparison, in Local Government it is common to share information and it is easy to identify authorities that are similar using CIPFA’s (Chartered Institute of Public Finance and Accountancy) nearest neighbour’s tool. Often the areas that are comparable will often experience the same challenges.

Internally – If there are processes that are the same or similar to those used by another department or section. This option is low cost and may benefit the organisation on a wider scale than anticipated.

High Achieving Performers – These are organisations that have been noted as delivering ‘best practice’ and are usually willing to share information with others.

Types of Benchmarking

There are four main types of benchmarking. The most suitable is dependent on the goal of the project.

Strategic Benchmarking - Often helps overall performance by looking at organisations by examining the strategies and processes that have helped others to succeed. This is useful to re-align goals and strategies that no longer support or work towards the overall goal of the organisation.

Performance Benchmarking - Assesses performance of services or characteristics in comparison to others in the same sector to identify ways of closing gaps in performance. Benchmarking partners will be those organisations that are closest to our own (CIPFA Nearest Neighbours).

Process Benchmarking - Focuses on improving specific processes. Improving performance in key processes can be an easy way to obtain quick benefits. Benchmarking partners would include those recognised for 'best practice'.

Functional Benchmarking - Organisations benchmark with those from different business sectors to look for ways to improve similar functions- finding another way.

Pitfalls & Common Mistakes



Benchmarking has become the way to stay competitive in most organisations. However there are many opportunities for benchmarking to go wrong. Here are a few common mistakes organisations make when benchmarking, and some suggestions on how to avoid them.

Don't confuse benchmarking with survey participation. Regardless of what it's being called, a survey of businesses in an industry similar to yours is not really benchmarking. A survey may give you some interesting figures, but actual benchmarking is the process of discovering what is behind the numbers. A benchmarking survey may tell you where you rank, but it won't help you improve your position.

Don't forget about service delivery and customer satisfaction. Many organisations have become so fixated on the cost of providing their product or service that they have failed to take the customer into account. Cutting back costs often results in a cut back of service delivery, which can impact on satisfaction and user levels. Take a balanced approach when developing your benchmarking metrics.

Don't try to do everything. The process of benchmarking can become large and complex to manage if the scope is too wide. Realise that a system is a group of processes and a process is a group of tasks. Try to avoid benchmarking a total system it will be costly, time consuming and be difficult to stay focused. It is better to choose one or several processes that form a part of the total system, work with it first and then move on to the next part of the system.

Don't confuse benchmarking with research. Benchmarking assumes that you are working on an existing process that has been in operation long enough to have some data about its effectiveness and its resource costs. Commencing a new process, such as developing a new employee handbook by collecting other people's handbooks and taking ideas from them, is research, not benchmarking.

6. Why is value for money important?

Value for money (VFM) is a key component of performance management and a statutory requirement. All authorities are required to have in place provisions for securing value for money in their organisations in order for them to demonstrate economy, efficiency and effectiveness.



To ensure that Maidstone achieves VFM for customers we have in place a VFM Strategy that sets out the authority's approach. This includes a VFM Working Group (involving the Leader of the Council and Chief Executive). The Working Group meets quarterly and works in order to ensure that VFM is being achieved throughout the organisation. The VFM Working Group also co-ordinates the work of a VFM support group. The support group is made up of officers including the efficiency champions from each directorate and assists with communicating outcomes to services and implementing change.

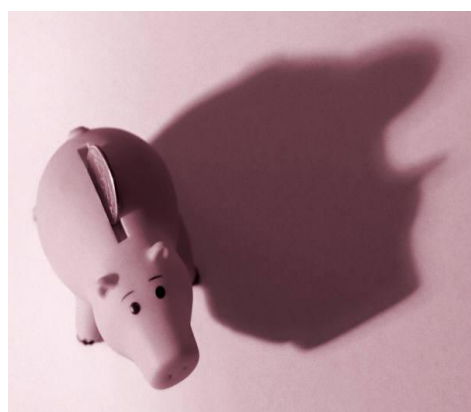
What is VFM?

Value for Money is often referred to as the three E's, Economy, Efficiency and Effectiveness. VFM is high when there is a balance of low costs and high productivity producing successful outcomes.

Economy – Cost of resources for service to run. How we spend finances?

Efficiency – Productivity of resources available. What return do we get for our money? It is the ratio of output to inputs.

Effectiveness – Measuring result and outcomes. Have objectives been reached? Simply it can be said to be doing the right things, the right way and at a low cost.



Performance indicators are a key driver in assessing and realising VFM. Targets should be SMART (specific, measurable, achievable, realistic and time related) and enable the service to demonstrate real improvements within a realistic financial framework.

VFM can be measured through the following baselines:

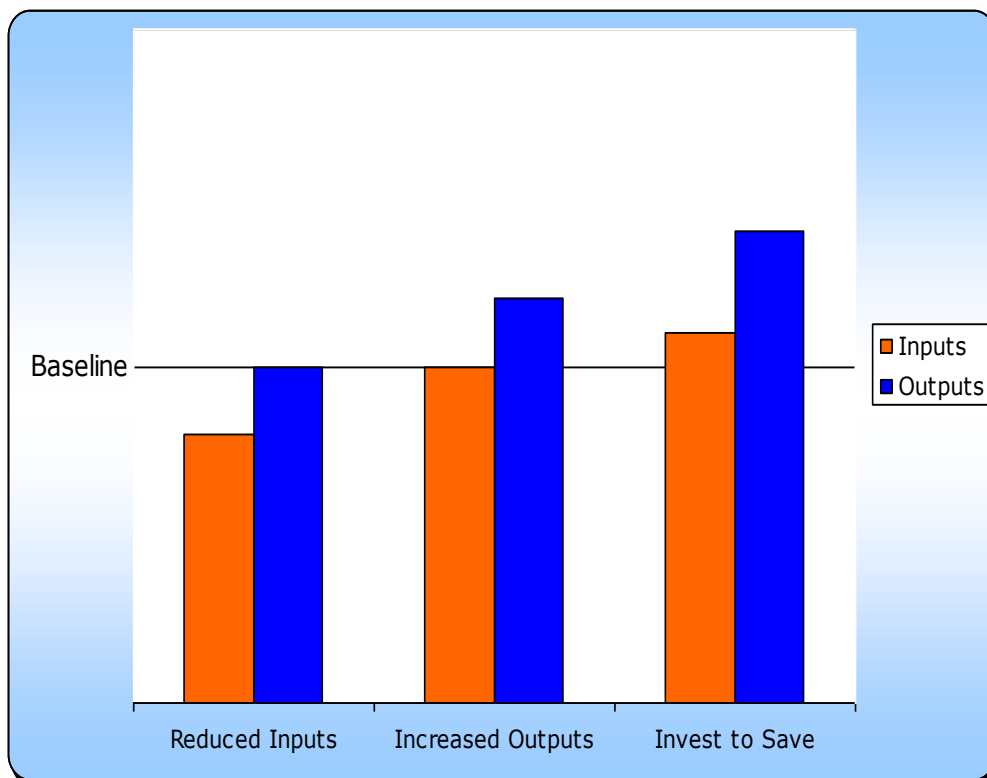
Achieving Value for Money

Value for Money can be achieved through several approaches.

Reduced inputs – Achieving increased outputs with the same level of inputs ('the same for less'). This is an example of a cashable efficiency as resources saved can be reinvested in other council services.

Increased outputs – Achieving increased outputs with the same level of inputs ('more for the same') This is an example of a non-cashable efficiency as the service is more efficient but no resources are released to be redeployed elsewhere.

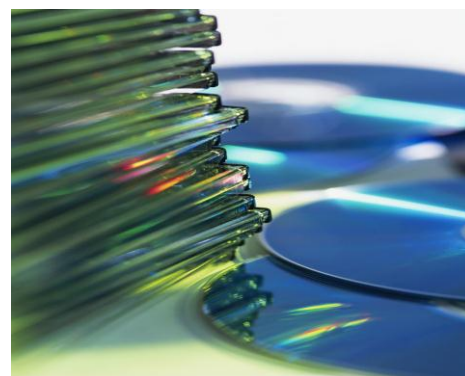
Invest to save – Increasing inputs in order to achieve a proportionately greater increase in outputs ('much more for more'). These sorts of initiatives may give rise to both cashable and non-cashable savings.



For more information on Value for Money please contact Paul Riley in Finance.

7. Data Quality – why is it important?

Ensuring quality of data is an essential element to Performance Management. Without data quality performance results would be unreliable and open to interpretation. The Council has a Data Quality Policy in place in order to ensure that performance information is accurate and from reliable sources.



Data Quality affects every part of the authority, not just the daily users giving out information to customers, but also by enabling managers and directors to make informed decisions that are right for the business. Maidstone is involved with several service partnerships therefore it is important that data provided by partners and other third parties is accurate. It is Managers responsibility that appropriate arrangements are in place to ensure that third party data is in line with authority standards where appropriate.

The Council spends public money and so accountability for this money through effective performance information is essential but only achievable through reliable, accurate data that is fit for purpose and produced in a timely manner.

Data Quality is now essential when auditors are examining the work of an authority. This is why it is important to ensure that appropriate arrangements are in place. Success in this area depends on high level support and the embedding of data quality as a priority.

Features of Quality Data

The Audit Commission states that there are six key features of data quality. These are: accuracy, validity, reliability, completeness, relevance and in a timely manner.

Accuracy – The need for accuracy must be balanced with the importance of the purpose of the data and costs and effort of collection. For example, it may be appropriate to accept some degree of inaccuracy where timeliness is important. If compromises have to be made on accuracy, then this needs to be made clear to the recipients of the data.

Validity – Data should be recorded and used in compliance with relevant requirements, including the correct application of any rules or definitions. This will ensure consistency between periods and with similar organisations. Where proxy data is used to compensate for an absence of actual data, the organisation must consider how well this data is able to satisfy the intended purpose.

Reliability – Data should reflect stable and consistent data processes across collection points and over time, whether using manual or computer-based systems, or a

combination. Managers and stakeholders should be confident that progress toward performance targets reflects real changes rather than variations in data collection approaches or methods.

Completeness – Data requirements should be clearly specified based on the information needs of the organisation and data collection in turn matched to these requirements. Monitoring missing, incomplete, or invalid records can provide an indication of data quality and can also point to problems in the recording of certain data items.



Relevance – The data captured should be ‘fit for purpose’ for which it is used. Under this principle there are two important questions that need to be considered - Is the data appropriate? Can the data be used for answering the right questions?

Timely - Data should be captured as quickly as possible after the event or activity and must be available for the intended use within a reasonable time period. Data must be available quickly and frequently enough to support information needs and to influence the appropriate level of service or management decisions.

Data Quality @ Maidstone

The Authority has a Data Quality Assurance Policy which is reviewed annually and all Manager and Officers involved in the collation of performance data are required to sign a Data Quality Statement. This statement sets out their data quality responsibilities for their data quality role (Manager or Enterer). Working papers are expected to be kept in your services own files and may be requested for auditing purposes. Data quality advice is available from the Policy and Performance Team.

Confused? Jargon Buster

Baseline	Performance level either current or historic against which future improvement is measured.
Balanced Scorecard (BSC)	A strategic tool to help senior managers to manage strategy and evaluate progress by linking corporate /directorate objectives, measures and targets.
CIPFA	Chartered Institute of Public Finance and Accountancy.
Covalent	The Authority's Performance & Risk Management System.
Cross cutting	This refers to plans, strategies, action plans, performance standards that cut across more than one service.
Cumulative Data	The sum of more than one period's performance e.g. 3 consecutive months data added together to form the cumulative data for the quarter.
Direction of Travel (DoT)	Whether an indicator or a service/organisation is improving, deteriorating or remaining stable.
Golden Thread	The link between the different plans within an organisation. This helps to make sure that each individual's contribution is directly linked to overall objectives and strategies.
Milestone	A significant stage or event in the process and or progress of a larger project.
Objective	A precise statement about what a service is supposed to achieve.
Output	Outputs are 'the goods and services produced by the organisation', i.e. what comes out of a service. For example, they include the bins that a local council empties, or the places in homes for older people.
Outcome	The impact of Council activity on local people and the community.
Performance Standards	Verifiable, measurable levels of services in terms of quality, timing etc.
PI	Performance Indicator
Review of Progress Meeting	This is a formal feedback meeting with the Policy & Performance Team to discuss performance measures.
Quartile	A statistical term describing a division of data into four defined intervals based upon the values of the data and how they compare to the entire set of observations.

Service Plan	A plan that sets out what the service aims to achieve operationally, how it will get there and how it will measure and assess progress.
Target	A target is the defining standard of success. A goal to be aimed for.
VFM	Value for Money
Vision	Concise written statement defining the long-term direction of the organisation.

Where to go now – useful links

- Department of Communities and Local Government (DCLG)
<http://www.communities.gov.uk/corporate/>
- Local Government Association (LGA)
<http://www.lga.gov.uk/lga/core/page.do?pagelId=1>
- Office of National Statistics (ONS) - Tables from National Surveys including census data
<http://www.statistics.gov.uk/>
- Local Government Improvement and Development
<http://www.idea.gov.uk/idk/core/page.do?pagelId=1>
- Kent Area Profiles – facts & figures for all of Kent
http://www.kent.gov.uk/your_council/kent_facts_and_figures/area_profiles.aspx
- Kent Partnership - <http://www.kentpartnership.org.uk/>
- Heatmap –2008/09 Place Survey Results mapped and ranked for England
<http://heatmap.egovtoolkit.co.uk/>

For further information and advice on Performance Management please contact Clare Wood at clarewood@maidstone.gov.uk