Breckland District Council Performance Management Framework

Introduction

Breckland Council's performance framework has been designed to allow for a clear structure of how it constructs its measures of performance and how it uses them to assess if it is on track to achieve its goals and objectives. Both elements are crucial to good performance management. Recording information without understanding what it means as well as recording the wrong information can mean that it is difficult to understand if the organisation has achieved its goals.

This framework has been designed so that all individuals and organisations with a stake in the success of the district can understand how the council is measuring its success. These individuals include those who work for the council, our residents, and organisations as well as those elected to represent our local communities as district councillors.

Having a framework helps ensure that all these stakeholders are on the same page when it comes to judging the work of the council. Councils are complex organisations, with multiple moving parts, a variety of goals, different objectives, and numerous legal and statutory requirements. Council's also have numerous strategic documents at varying levels such as the Corporate Plan as well as other more specific strategic documents such as the Local Plan and Medium-Term Financial Plan. As a result of this complexity, it can sometimes be difficult to understand from the outside as to if it is successfully delivering on what it sets out to achieve. Equally, it can be difficult to understand what work the council is doing to improve its local area for its residents and businesses through performance management.

Performance information and performance management should help managers understand how both teams and the organisation are performing. They also help residents understand more about how the council is working towards achieving its aims and goals. Measuring outcomes involves agreeing on measures and monitoring them, but this is not an end in itself. Most importantly, monitoring information must be acted upon to make sure targets are hit.

This document describes the framework for managing the council's performance. The framework will enable and support managers in answering the question *is the council achieving its objectives?*

The framework does not describe the performance of individuals, which is a matter for Human Resources, Organisational Development, and line management.

Overview

Performance Management should be focused on achieving Breckland DC's goals and ambitions. This document will briefly explain several different concepts and models that are important for managing performance. The purpose of this document is to explain and remind managers of the key features to be included when managing organisational performance.

The National Audit Office (NAO) sets out the below **FABRIC** criteria as best practice for performance frameworks. The council's performance framework, therefore, considers the principles of being-

Focused on the organisation's aims and objectives- There are not more measures than there needs be

Appropriate to and useful for the stakeholder- the framework understands the needs of the different stakeholders

Balanced to give a picture of what is being done- The system identifies gaps and focuses on both inputs and outputs to allow for a clear line of sight.

Robust to withstand organisational change- the system is set up to service organisational change

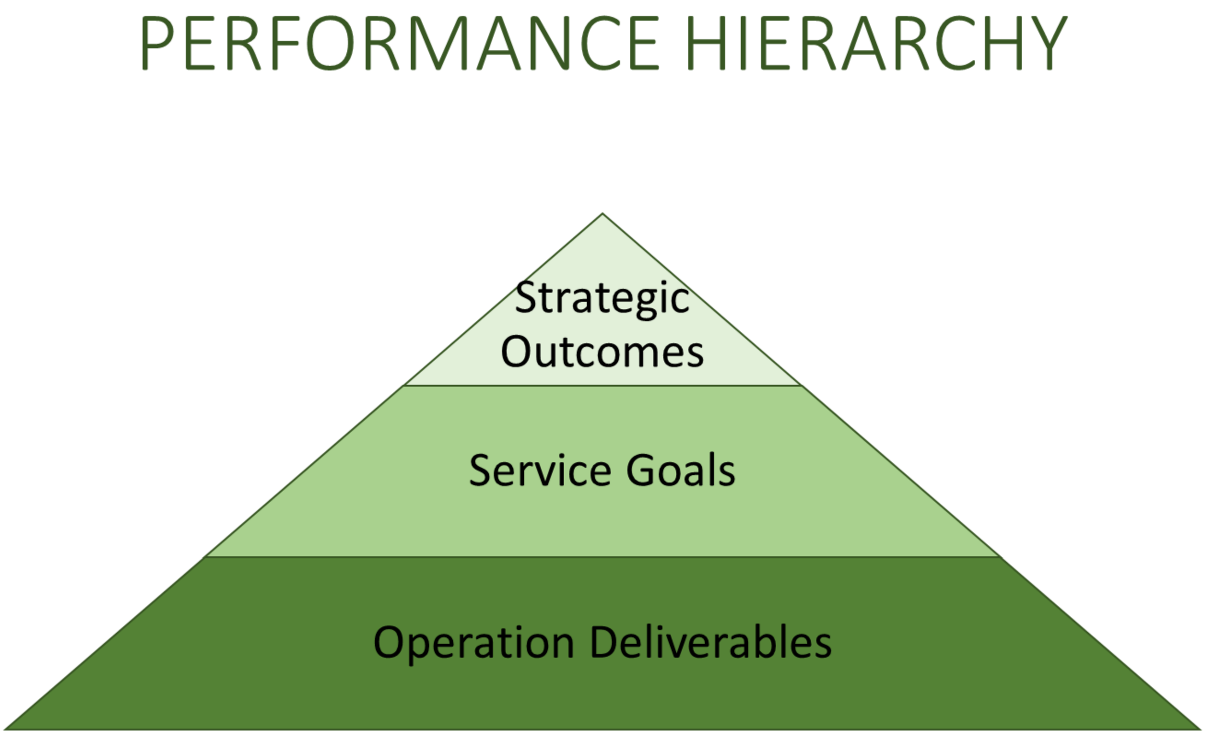
Integrated into the organisation- the framework is not just an add on to management systems and helps ensure ownership, reliability, and accountability.

Cost-effective

It is important to describe the scope of the performance framework, and this is best understood as a hierarchy.

All staff activity should have a direct impact on the goals of the departments and services they work for. If Joe works in a factory workshop tasked to produce a hundred boxes of screws a day and he spends all day making perfect nails, then he is in no way helping to meet the daily target. Similarly, if the firm is hot welding a ship's hull and needs steel rivets, a hundred boxes of screws a day will not help build the ship. However, if Joe makes rivets and the workshop produces a hundred boxes of rivets a day, the ships will get built. In this case, daily activities are directly linked to organisational goals. Normally, it takes many different activities to achieve a strategic outcome, Figure 1 illustrates this concept.

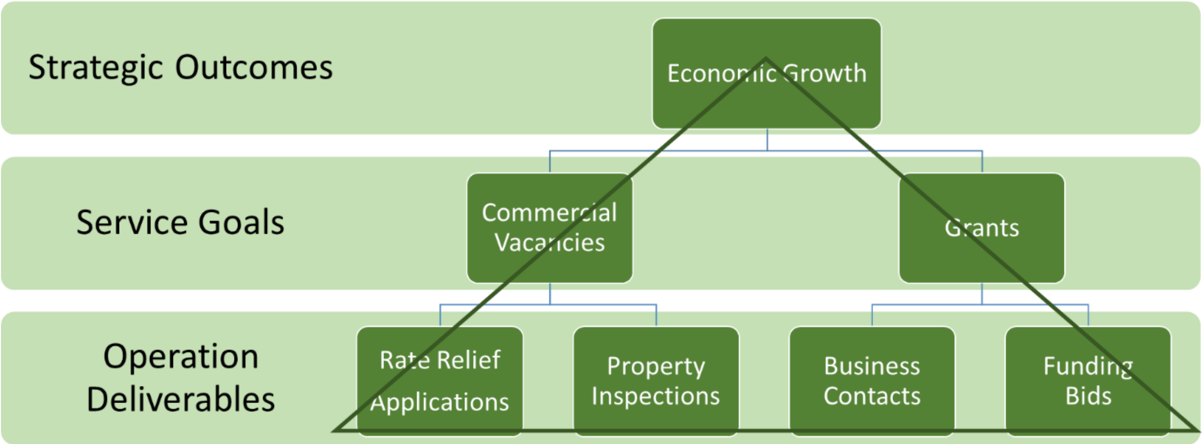
Figure 1.



A more practical example for Breckland Council would be to look at its stated strategic aim of achieving *economic growth* for the district. This can only be achieved by making lots of things happen, let us suppose that two of these are reducing the number of empty commercial properties and providing business grants. But even these are not simple matters, for instance, other districts might be cheaper for businesses to set up or businesses are put off by run-down premises. In probability, there will be many more things that the council would need to address to increase the take up of commercial properties. Figure 2 illustrates what this might look like in a simple performance hierarchy.

Figure 2.

PERFORMANCE HIERARCHY



Performance management for Breckland Council must therefore be structured to focus on those activities that lead to strategic objectives being achieved. Direct links and traceability not only help make performance to be more easily understood but more easily monitored and controlled. These and other details that underlie the framework will be explored in the remainder of this document.

The Performance Management Framework

1. Traceability through the organisation.

If we study the hierarchy concept illustrated in Figure 1, the most obvious feature is the direct link between elements moving up and down the triangle. This is often called *traceability* and means that, for example, officer activity can be directly linked to a strategic goal and conversely, strategic outcomes can be seen to be the result of specific activities. This does not mean every single officer action and activity is recorded or micromanaged. Instead, this traceability allows for officers and managers to understand their interlinked nature of actions from operational deliverables to strategic outcomes. However, like all models, Figures 1 and 2 are simplifications. In reality, strategic outcomes are likely to be the result of a complex web of lower-level goals and some activities and goals could have links with two or more higher-level goals or outcomes.

ACTIVITIES SUCH AS OPERATIONAL DELIVERABLES OF THE COUNCIL SHOULD HAVE CLEAR LINKS WITH DELIVERABLES AT THE NEXT LEVEL UP AND SO ON UP TO STRATEGIC OUTCOMES.

2. Traceability through time.

The second feature that becomes apparent if we think about the hierarchy concept is that of time. The temporal element requires a little more thought but becomes clear when we think a bit more about the activities and goals at different layers of the organisation. If we refer to the right-hand side of the triangle in our simple example in Figure 2, we can easily believe that quite a few businesses might need to be contacted before one of them is interested in applying for a grant. Several bid applications might need to be processed before someone is successful. These activities all take time, so it could be days or weeks or months before the goal of providing a grant occurs and then of course it could take many grants before there is a discernible impact on economic growth. This is why we usually think of strategic outcomes in terms of five or more years, service goals are reviewed annually, and staff have daily checklists.

DAY-TO-DAY ACTIVITIES OF THE COUNCIL SHOULD HAVE CLEAR LINKS WITH SHORT-TERM GOALS WHICH SHOULD HAVE CLEAR LINKS WITH MEDIUM-TERM GOALS AND SO ON TO LONG-TERM STRATEGIC OUTCOMES.

3. Activities, Deliverables, Goals and Outcomes

At this point, it is worth asking what do the terms in Figures 1 and 2 mean? Are they different? Sections 1 and 2 also refer to activities, where do they fit in?

Firstly, many terms are interchangeable and other terms could have been used, for instance, the term *objectives* is a common one. However, for this framework, we need to distinguish between similar things, and this is best achieved by using different words and applying specific meanings to them for our purposes, even if in general use they are interchangeable.

Activities are generally things a verb would describe, such as *paying* invoices, *receiving* telephone calls, *collecting* bins. They could also be described as tasks and often are part of a job description. Without labouring the point, these are things council employees do daily, weekly, monthly, and so on.

Activities don't tend to be measured, although supervisors might monitor staff to make sure they are getting on with things.

Deliverables are the result of activities and can be thought of as tangible things, although they are often in electronic format. A report is a common deliverable, often stored and circulated in electronic format. This framework document is a deliverable. However, some deliverables are not immediately apparent. The main activity of the Customer Contact Centre is to receive calls; what is the deliverable? It could be the answer to a customer question, or it could be the transfer of that call to another person.

Deliverables tend to have basic measures applied to them and often targets are assigned to individuals or teams. For instance, a call-handler in the Contact Centre might be expected to answer so many calls a day. A grants officer might have to process an application within so many days.

Managers will have some deliverables, but the majority will be the responsibility of officers.

Goals reflect more than just run-of-the-mill, day-to-day deliverables. An effective performance structure will include clear goals for the measurement of performance. Technically a deliverable is the goal of one or more activities, but we need a term to describe something beyond that. *Aims* and *Objectives* are common synonyms. Goals are the cumulative results of one or more types of deliverables and take longer to achieve than simple deliverables. For example, it might take one hundred applications to be processed before all the money in a grant fund has been distributed. The individual application approvals and payments are the deliverables that altogether achieve the goal of granting the whole fund.

Goals can have very short or quite long timescales and might feed into other, longer-term goals. Goals should be measured typically monthly or quarterly, sometimes annually. For example, the amount left available in a grant fund might be measured every month.

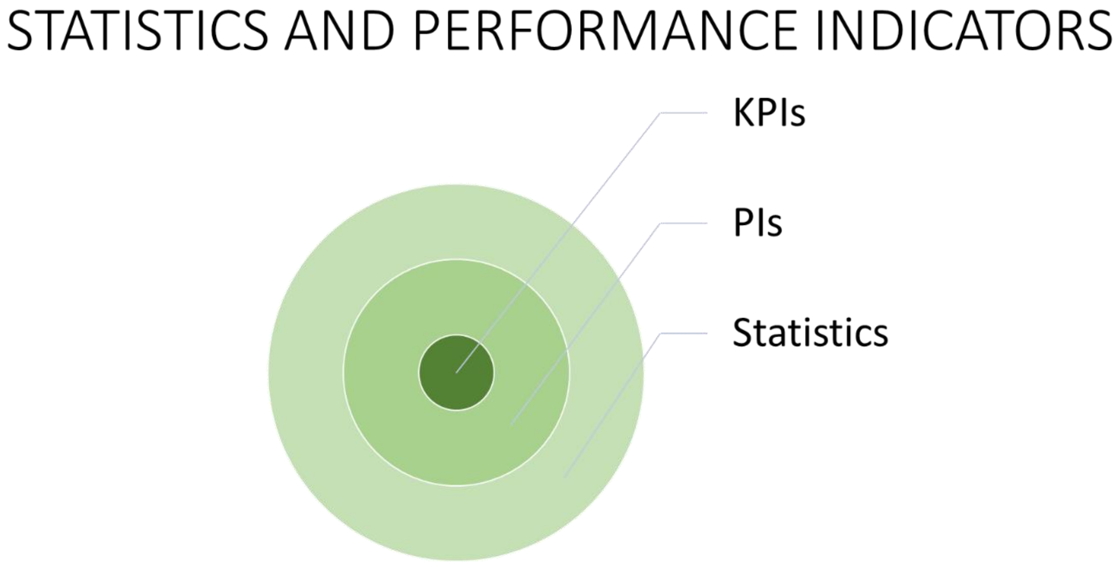
Goals are nearly always directly relatable to the council, with a manager directly accountable for it. Without these, performance information loses much of its value as it cannot be used to assess whether improvement needs to be made.

Outcomes are those far-off results from the cumulative effect of many goals. The terms goals or objectives could be used, but a term is needed to distinguish the strategic element. Outcomes are the ideals the council members and senior management set and are judged on by the public. They typically apply to the district and will have a mixture of tangible and intangible elements, making them hard to measure. For example, improving the health of residents could be a strategic outcome adopted by the council, but identifying if fewer people have got sick might be tricky. Fewer people visiting the doctor might mean fewer people have gotten sick, but it might also mean fewer people are getting much needed medical attention or advice.

4. Statistics and Performance Indicators.

When we measure performance we usually (if not always) do so in a mathematical way. We count things, divide things, multiply them and so on. We call numerical information *statistics,* and they underpin much of the modern world and business practices. Statistics are a very important input into decision making, however, only a small sub-set of statistics are *performance indicators* (PIs).

Figure 3.



To illustrate the difference between a plain statistic and a PI we can consider the following example. The number of calls received by the Customer Contact Centre and would help managers with resourcing decisions, but it does not say much about performance. Someone answering calls cannot determine how many people will call that day, but they do have some control over how quickly they answer and resolve the customer query. Average wait times and the number of calls answered per hour would be more revealing statistics and could be used to measure performance.

The features that make good performance indicators will be discussed later in the document, but for now, it suffices to say that the key distinguishing characteristic between an ordinary statistic and a PI is that of *control*. If whoever is being monitored cannot control or strongly influence the statistic, then it should not be used to measure their performance.

Performance information can sometimes (where appropriate) can be contextualised using benchmarking. Benchmarking can be defined as the process of comparing procedures and performance levels between and within organisations to identify where improvement is possible, how it might be achieved and how much benefit it might deliver. Benchmarking is important when looking at performance information as it allows for the facilitation of continuous improvement by adding an external perspective to performance. Furthermore, it allows for the establishment of performance baselines through comparison and contextualisation, which can help the council better understand its data and ensure that targets are set realistically where appropriate. It is important to remember when benchmarking that value can only truly be derived from making like for like comparisons such as with measures that follow the same methodology or from similarly-sized organisations.

5. Key Performance Indicators.

Indicators vary in importance depending on the audience and those considered the most important, or *key*, by one person, could be of little concern to another. Generally, and within this framework, Key Performance Indicators (KPIs) are those performance indicators important to senior managers and members. They will indicate the health, standard of service and direction of the council, whether progress is being made towards strategic goals and if statutory regulations are being met. If we consider the pyramid in Figure 1, they will be found in the middle and top.

KPIs are likely to be the amalgamation of two or more lower-level indicators or the result of multiple deliverables. They reflect only the most important goals across the organisation, so they will only be a small proportion of all the indicators measured.

When deciding on both performance indicators managers should avoid creating indicators that are-

- Not performance related (no cause and effect)
- Measuring the wrong objectives
- Open to manipulation or encourage unwanted behaviours
- Backed by unsound or confusing methodology
- Too resource-intensive to justify their collection

Focusing on the wrong metrics or too many metrics can be detrimental to understanding the council's performance. A good set of performance metrics should be a balance between a comprehensive picture of the organisation whilst also being concise.

6. Lead and Lag Indicators.

Lead and lag indicators (Kaplan and Norton 1996), very much embody both the traceability and the temporal aspects of the performance hierarchy discussed in Sections 1 and 2. They are perhaps the most important part of the performance framework.

As discussed in Section 2, the results of many small, repetitive actions accumulate to produce noticeable effects and we looked at business grants and economic growth.

Lead indicators are used to monitor activities that will eventually result in something else. They lead the way to the end goal. Lead indicators can also be used to highlight early warning signs of performance-related issues through forecasting.

Lag indicators are used to monitor the effects of things that have already happened, and trail in the wake of other activities. It is this sense of delay or lagging behind that gives them their name.

Ideally, all indicators should be either a lead or a lag. A lead indicator should also be linked to at least one lag indicator and a lag indicator should be linked to at least one lead indicator. Any indicator not linked in this way should be considered very carefully; is it the wrong indicator? Is it monitoring an activity that is not useful?

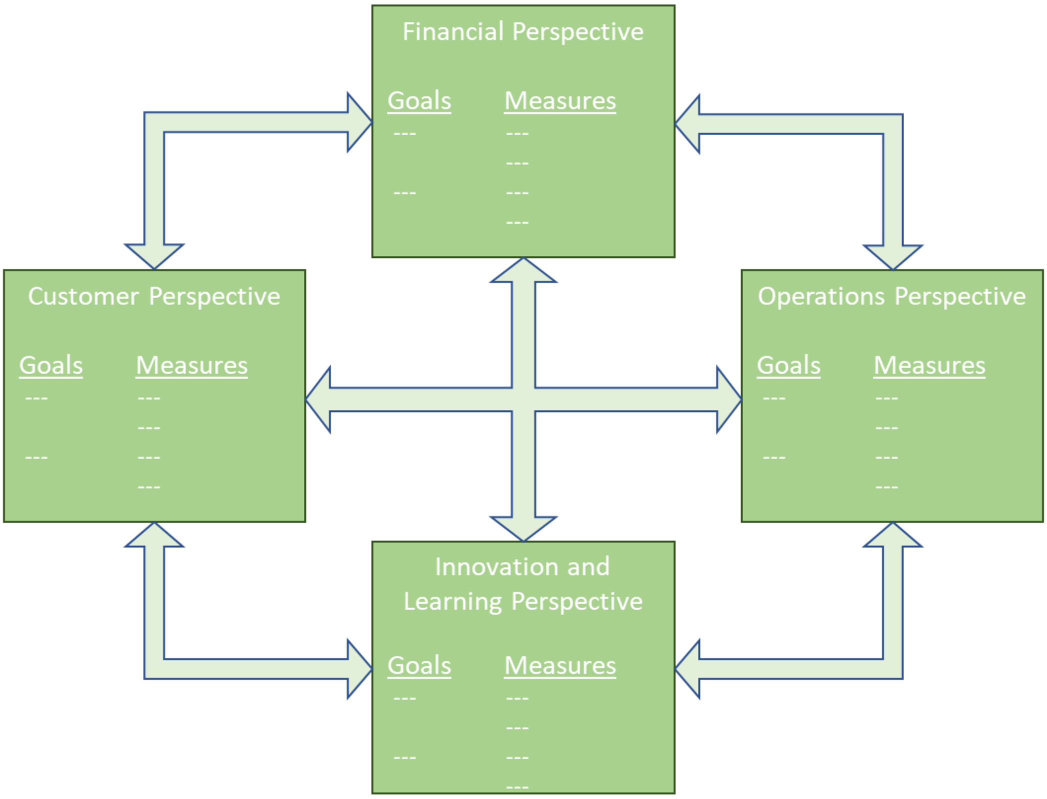
7. The Balanced Scorecard

The use of balanced scorecards (Kaplan and Norton 1996) in performance management is prevalent across organisations around the globe and is probably considered standard practice. It arose through the insight that focusing on a particular aspect of a business skews performance and can be detrimental in the long run. For a long time, businesses focused on financial performance (and many still do), which resulted in managers ignoring customer needs, staff welfare, supplier relationships and so on.

The aim of the balanced scorecard is for performance indicators to consider different perspectives of the organisation. The four perspectives Kaplan and Norton identified were *Financial*, *Customer*, *Operations*, and *Innovation and Learning*. Spreading indicators across these perspectives reduces an unhealthy dominance of one aspect of the organisation over the others.

Figure 4.

THE BALANCED SCORECARD



Source: based on Kaplan and Norton, 1996

Ideally, a set of performance indicators for any service should be evenly spread across the four perspectives. A successfully balanced scorecard will give a concise and well-rounded overview of performance and focus on the difference the organisation is making to the customer/resident.

8. SMART Indicators

The acronym SMART is one of those handy management tools that have a wide application and is every bit as useful when developing a set of performance indicators. The best indicators are SMART.

Specific Align indicators with your business objectives and be clear about what it is you are measuring. A common pitfall is selecting a measure that does not reflect the performance it was intended to. The best indicators tell a story, usually by presenting data as a ratio (the two best-known indicators, inflation, and interest rates, are both ratios presented as percentages).

- What are you meant to be doing?

- What do you want to achieve?
- Is the indicator clear enough to inform specific actions?

Measurable Indicators should be accurate and sensitive to reveal small differences. If an indicator is ambiguous or vague, it could be misinterpreted and actioned inappropriately. Data must be accurate and reliable to truly reflect performance.

- Does the indicator include all relevant information?
- Are the sources of information trustworthy?
- Can the information be meaningfully compared?
- What is needed to obtain this data regularly?
- What is required to communicate this indicator?

Agreed The indicator must satisfy everyone's requirements. If stakeholders do not use the measure to manage performance, then it is a waste of time and resources.

- Is the indicator useful to those setting the direction of the organisation?
- Is the person responsible for the performance happy to be measured in this way?
- Are those collecting and presenting the information clear about the requirements?

Realistic Select indicators where actions can be taken to improve them. If it is too difficult or costly to action the changes required, then measure something else that can be realistically controlled.

- Can the events driving the indicator be controlled?
- Is the indicator structured and presented in such a way as to incite action?
- How much will this cost?

Timely Measure the indicator regularly. Think about the timescales for measuring the PI and how quickly it becomes out of date. Think about lead and lag.

- How frequently is the underlying data updated?
- How long does it take to process the metrics?
- How long does it take for events to affect the PI?
- Is an indicator an early sign or a longer-term effect?

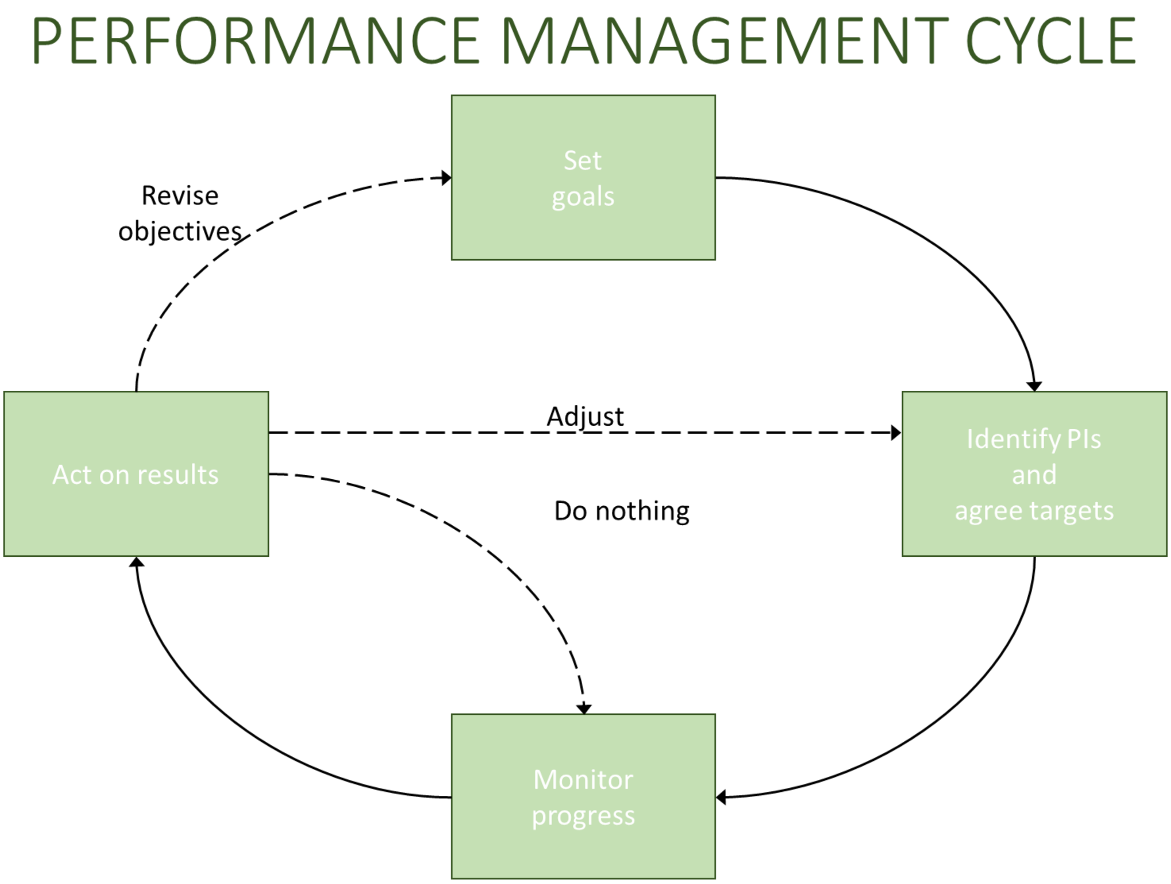
9. Risk Management

Corporate Performance Management must be tied in with Corporate Risk Management. Performance Management, Risk Management and Audit management complement and inform each other. If we are monitoring something that warrants a KPI, then it is important enough to be monitored for risks. PIs signalling deteriorating performance are possible signs of underlying risks becoming realised. Using existing PIs to monitor corporate risks can be very useful, but if nothing suitable exists, then new PIs should be created. This process will be integrated through the Corporate Risk Management Policy.

10. Performance Management Cycle

Performance Management is a continuous activity. Goals must be set, targets agreed, monitoring put in place, actions taken, goals revised, targets and PIs amended and so on. Thought must be given to the frequency of collecting data and monitoring PIs. The two are not necessarily the same, for instance, transaction volumes might be collected daily and then at the end of the week the average is reviewed. Some PIs might only be available annually. Whatever the frequency, all should go through this cycle illustrated in Figure 5.

Figure 5



11. Performance Reporting, Governance and Accountability

Performance reporting is a crucial aspect of organisational performance management. Reporting and governance allow for the identification of gaps and opportunities for the organisation. Breckland DC uses a variety of formal and informal settings for performance reporting. Informal settings include a service manager reviewing their monthly performance with their assistant director or through the council's internal performance monitoring boards.

Formal quarterly performance reports should be brought to both the council's management team meetings, the Overview and Scrutiny Committee and the Council's cabinet. These reports use consistent KPI's and PI's as well as a consistent template, to allow for an overview of how the council has performed in the preceding quarter. These indicators are agreed annually by service managers, to ensure that they remain appropriate and the best practice for giving a reflection of the performance of their services.

The Overview and Scrutiny committee have a constitutional role that allows them to scrutinise the quarterly performance report and the power to call in managers and directors if they believe that indicators are not performing to an appropriate standard. In instances where the committee feel the council is not performing in relation to its KPI's, the committee may call in managers to explain how they intend to improve performance. This power is enshrined in the council's constitution.

Both this committee and Cabinet are public meetings, which mean these are also opportunities for the public to ask questions about the council's performance. Whilst the quarterly performance report is governed by the need to be presented quarterly, other more infrequent forms of performance reporting exist such as those which relate to specific strategies and plans.

Internally the council also monitors performance through its management team meetings and internal monitoring board. This is an informal meeting, but performance is presented in a consistent formatted report or update. The management team may consider wider indicators and statistics and will make decisions around how to address underperformance. These sessions will also allow for the risk and audit or management recommendations concerning performance. Interlinking these elements allow for a greater joining up of these three crucial elements.

Annually activity will also be undertaken to highlight how the council has performed in the preceding year against its corporate plan. This activity should be centred around the key performance indicators to underpin how the council has performed.

Successful performance reporting must be driven through good people and good culture from the top-down, ensuring that both individual and collective accountability exist within the council. The most effective performance systems are those where the measures themselves are owned by staff who feel a sense of responsibility for ensuring the performance information is valid, timely and if applicable on target. Managers and staff must ensure that they:

- Know and understand what is expected of them
- Have the skills and ability to deliver on what is expected of them
- Are empowered and delegated freedom to succeed
- Are supported by the organisation to meet their expectations

- Are provided with opportunities to think and contribute to both individual and service level objectives

12. Performance Scorecard Template

- Lead and Lag
- Hierarchy-
    - Strategic outcomes
    - KPIs
    - Operational PIs
- SMART description
- Targets
- Financial, Customer, Operations, Innovation and Learning
- Risks

13. Reviewing the Framework

The council should seek the review this framework every 18 months to ensure that best practice is being adhered to.

References

1. Robert S Kaplan and David P Norton, The Balanced Scorecard – Translating Strategy into Action, 1996, Harvard Business School Press, Massachusetts