



a manager's guide to  
**performance management**

an adaptation from the second edition for the town and parish sector

based on the performance, management, measurement and information  
project



**This document applies to the whole council – not just the Clerk and staff – at town and parish councils**

## **purpose**

This guide, although targeted at parish and town councils, summarises the key messages from the Performance Management, Measurement and Information (PMMI) project, run by the Audit Commission and the Improvement and Development Agency for local government (IDeA) – the second edition of which was finished in 2006. Through the PMMI project, the IDeA and the Audit Commission worked with principal authorities to identify existing knowledge and good practice and provide a better understanding of performance management in local government.

The guiding principle was to help answer the question: “How does a local council improve performance management?” In this document, it is intended to raise awareness and understanding of the subject and promote its effective use among council managers. Staff who support performance management or whose own work is performance managed will also find the guide useful. It describes an effective performance management system and the culture needed to make it work. It outlines improvements in many councils and how performance management can accelerate that improvement.

## **using this guide**

You can use this guide and a companion guide for managers as a ready reference or to support workshops and training sessions. The Performance Management, Measurement and Information website mirrors the structure of this document and gives easy access to presentations, additional information, tools and checklists. For example, if the IDeA and Audit Commission refer to guidance or a specific government document, you can use the website to download it or find a link to the original source document. A ‘parish proofed’ version of the Councillor’s Guide to Performance Management will be developed in 2009.

>>You can visit the PMMI website at <http://www.idea.gov.uk/performance>

## **Contents**

### **an overview of performance management 4**

- 1 what is performance management? 4
- 1.1 why it's important 5
- 2 getting performance management right 7
- 2.1 why some people find it hard 7
- 2.2 the improvement journey 7

### **what does effective performance management look like? 8**

- 3 the performance management system 8
- 3.1 the performance management cycle 9
- 3.2 vision and priorities 10
- 3.3 planning for success: corporate and service plans 12
- 3.4 targeting improvement 13
- 3.5 the performance measurement framework 15
- 3.6 performance information 15
- 3.7 reporting performance 17
- 3.8 performance reviews 19
- 3.9 taking action for improvement 20

### **4 people and performance 20**

- 4.1 users, citizens and stakeholders 21
- 4.2 leadership 22
- 4.3 culture 24
- 4.4 skills and capacity 25
- 4.5 learning 27

### **5 performance management in partnership 28**

appendix 1 Performance Management, Measurement and Information resources 30

appendix 2 other useful resources 31

Acknowledgements 32

## **an overview of performance management**

### **1. what is performance management?**

To some people, performance management means collecting performance information. To others it implies a personal appraisal. The Performance Management, Measurement and Information definition incorporates a range of different tools and activities used to drive improvement. Performance management can be defined as:

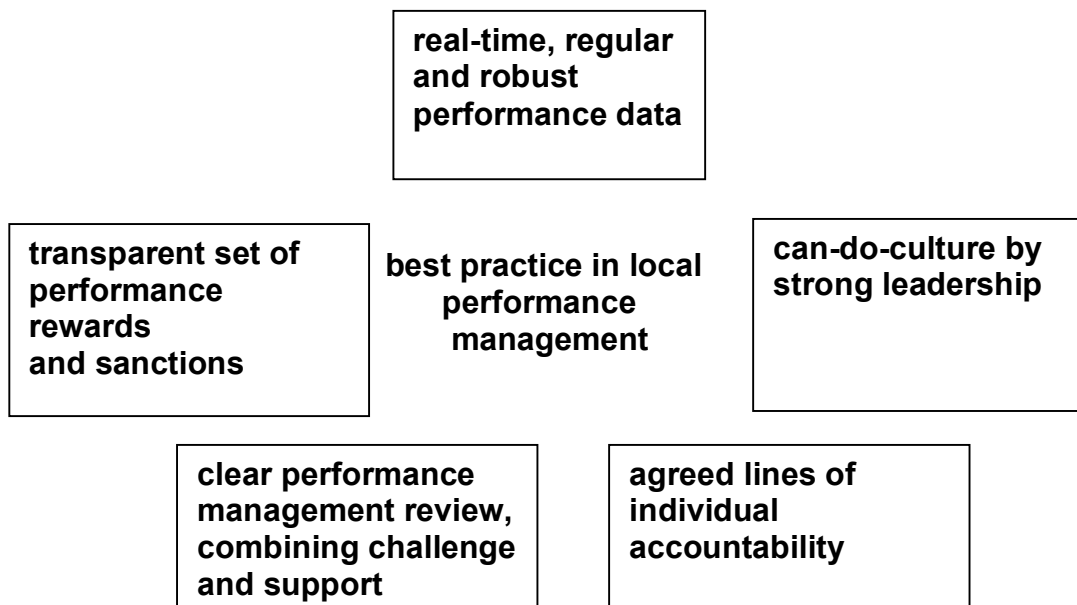
***“..taking action in response to actual performances to make outcomes for users and the public better than they would otherwise be..”***

Action may be at individual, service, council member or community level.

Improvement to outcomes should benefit service users but does not always mean increased service levels – sometimes better outcomes can mean delivering better value for money. Reducing levels of service in one area may free up resources to be used more effectively elsewhere. Performance management will look different in different places, but effective organisations share some common characteristics, outlined in Figure 1.

#### **figure 1: characteristics of high-performing organisations: performance rewards and sanctions may be extrinsic (financial rewards) or intrinsic (praise and recognition)**

source: HM Treasury and the Cabinet Office’s Devolved Decision Making Review.



[This figure was of course targeted at principal authorities which have an element of financial reward in the grant system].

Effective performance management requires:

- systematically deciding and communicating what needs to be done (*aims, objectives, priorities and targets*)
- a plan for ensuring that it happens (*improvement, action or service plans*)
- some means of assessing if this has been achieved (*performance measures*)
- information reaching the right people at the right time (*performance reporting*) so decisions are made and actions taken.

These plans and actions fit within a framework that are summarised as **plan-do-review-revise**. Through this framework, learning can be harnessed in a **continuous cycle of improvement**. This approach is described in chapter three. All aspects of management overlap. For example, leadership is not in itself performance management, but is essential to its effective use. To work well, it must be co-ordinated with other systems, such as financial management (directing resources to areas needing improvement or strategic priorities) and risk management (managing risks to avoid failure).

### 1.1 why it's important

Performance management matters to everyone who wants to see local communities better served by local councils and their partners. Managers can use it to ensure that services are improving and are more efficient. Councillors can use it to ensure that policy decisions are being carried out and citizens are being well served. Increasingly, citizens and partners can use aspects of performance management, such as public reporting, to hold the council to account.

Performance management is about good management, ensuring that your community, organisation and team goals are achieved. It helps to:

- prioritise what gets done and ensure there are sufficient resources to do it
- ensure local authorities provide value for money
- motivate and manage staff
- identify and rectify poor performance at an early stage
- learn from past performance and improve future performance
- increase user and public satisfaction.

Government sees performance management as an essential tool for achieving local and national priorities. It is also a way to demonstrate that councils are able to achieve their important local objectives.

Under Best Value, 41 parishes had a statutory duty to review services, to secure continuous improvements and report results to local people. This responsibility has evolved in 2008 at each council, so the targets and reports are proper and specific to local users. Each change to government policy puts pressure on performance management systems to work more effectively.

You can find further information on a national framework at <http://www.idea.gov.uk/performance> .

Managing performance in partnerships has become more important, too. Government sees partnerships as a way of achieving better and more joined-up services. Local strategic partnerships (LSPs) enable public sector agencies, businesses, the voluntary sector and wider community interest groups, to meet and agree priority improvements in their communities. The complex demands of delivering services through partnership also mean that local and principal authorities need to adapt their approach to performance management to reflect the contributions of a number of partner agencies, while continuing to demonstrate progress towards agreed targets and objectives. Much will depend on the full inclusion of town and parish councils in local strategic partnership working.

>>For more information see: [The New Performance Framework for Local Authorities and Local Authority Partnerships: Single Set of National Indicators](#) at [www.communities.gov.uk](http://www.communities.gov.uk), *Releasing Resources for the Frontline: Independent Review of Public Sector Efficiency* at [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk) and the HM Treasury and Cabinet Office *Devolving Decision Making: Delivering better public services: refining targets and performance management* at [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk) .

## **2. getting performance management right**

Performance management is a key tool for delivering better outcomes to users. Some councils find it difficult to implement; many others have found that they have achieved better local outcomes by systematically working to improve performance management.

### **2.1 why some people find it hard**

Understanding why some councils find performance management difficult to implement can be the first step towards making it work in the real world of complex organisations.

Performance Management, Measurement and Information research suggests:

- the principles are simple, but the detail can be hard – some aspects may require a specific set of technical skills, such as setting meaningful outcome targets; or require strong people management skills, such as dealing honestly and robustly with under-performance.
- the whole system needs to work – there are many interrelating elements that need to be developed over time. Sometimes it can be difficult to know where to start.
- it needs the right environment in which to flourish – the performance culture, addressed later in this guide, requires strong leadership and the desire to improve.
- developing effective performance management is a long-term activity – improving and embedding it can take several years, requiring constant attention and regular review.

### **2.2 the improvement journey**

Improvement needs a systematic approach and people who champion the cause. Fundamentally, it is about managing change – it has to be planned, implemented and kept on track in an orderly and efficient way. We call this type of managed change the improvement journey. It has five stages:

- taking stock
- setting direction
- getting started
- making it happen
- keeping on track.

The Performance Management, Measurement and Information research found that these stages require constant repetition; chipping away at problems to achieve improvement. This means taking on what is manageable

the first time round and then taking stock and returning to areas that weren't practical or achievable at the outset.

There is no correct sequence for improvement, it depends on identifying weaknesses and relative priorities. Many local councils are likely to seek peer support from similar councils.

Some have found that, although making progress on several fronts is helpful, moving forward on one area is a good start. Doggedness and determination are key factors for success.

Through the Performance Management, Measurement and Information action research programme, eight principal authorities worked together to assess areas where they needed to improve performance management and went about tackling change. Their stories are highlighted in the Performance Management, Measurement and Information improvement journey resource and in case studies on the Performance Management, Measurement and Information website at [www.idea.gov.uk/performance](http://www.idea.gov.uk/performance) .

>>For more information see: the *Improvement Journey* Performance Management, Measurement and Information briefing and toolkit at [www.idea.gov.uk/performance](http://www.idea.gov.uk/performance) and the Improvement Network at [www.improvementwork.gov.uk](http://www.improvementwork.gov.uk)

### **what does effective performance management look like?**

Effective performance management relies on systems and people working together to make sure the right things happen. The hard systems, processes and data are inseparable from the soft aspects, such as culture, leadership and learning. One simply doesn't work without the other. For simplicity, we will look at each aspect in turn.

### **3. the performance management system**

A system does not stand apart from day-to-day management. Effective performance management arrangements can help to integrate planning, review, financial management and improvement systems to enable policy-makers and managers to make informed decisions and improve services.

### 3.1 the performance management cycle

This approach is based on the plan-do-review-revise cycle.

figure 2: the plan–do–review–revise cycle of performance management

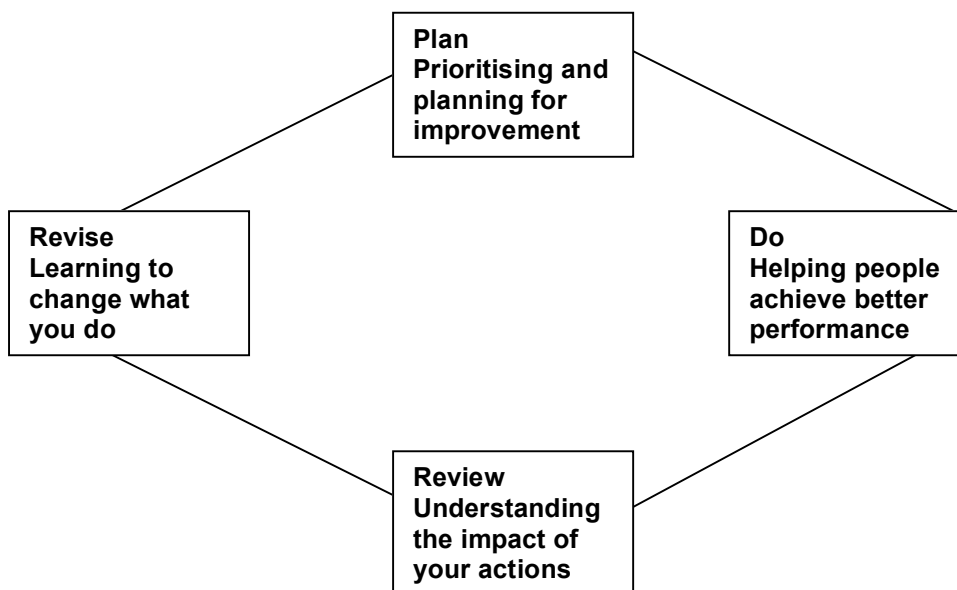
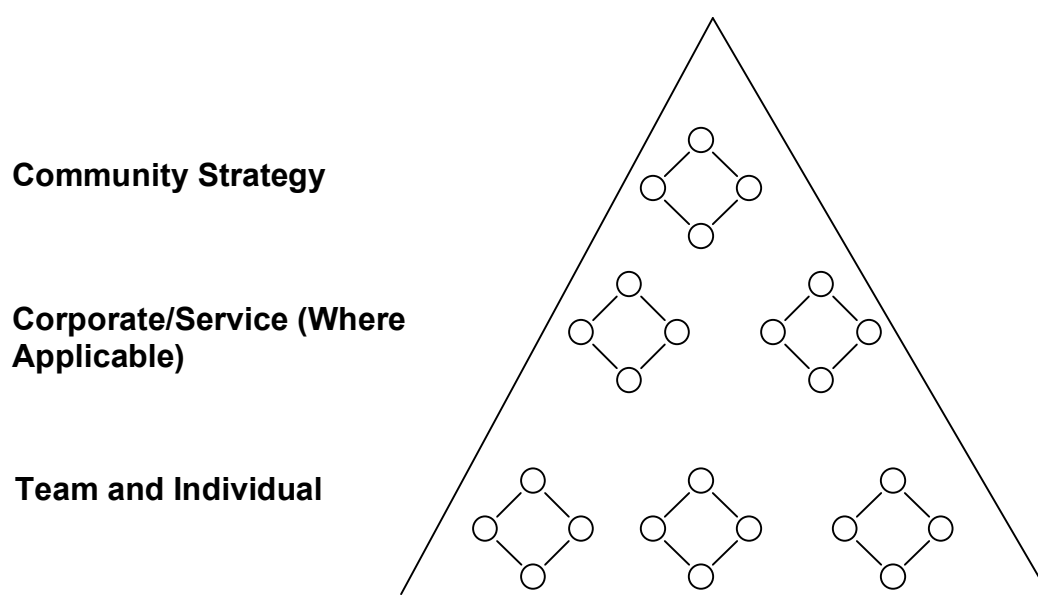


figure 3: the plan-do-review-revise cycle takes place at many levels and over different timescales



The stages will look and feel different depending on where you are in an organisation and the timescale you are looking at. Major strategic reviews and revision may happen only every few years, although the cycle may occur every month at a more detailed level. On an informal level, managers may set tasks, observe performance and give helpful feedback from day to day.

**The different levels in this cycle need to be integrated across various organisational levels – and with partners. The coordination of these cycles and cascading objectives from the top of the organisation through to the individual is sometimes described as the *golden thread*.**

Good and improving authorities usually describe their framework in a way that gives a clear picture of how different elements – such as community planning, corporate policy, service and financial planning – fit together in the form of a long or medium-term cycle.

### **3.2 vision and priorities**

Councils are complex organisations delivering a range of services, often with partners, to local communities that have equally complex and diverse needs and wishes. **Successful councils work with users and citizens** to identify an overarching vision of their purpose, how they will lead the communities they serve and what they wish to achieve immediately, in the medium term and in the more distant future. This can be in the form of focus groups, interviews and surveys for example.

Inevitably, there will be a range of desired outcomes and limited amounts of time and resource with which to achieve them. Councils need to make decisions about which outcomes are most important, or urgent, and how to allocate scarce resources to best achieve them.

Making these choices is probably the most important and difficult part of the political decision-making process. Part of what makes this so hard is the need to balance many different considerations. For example:

- **short-term achievement and a long-term commitment towards local well-being**
- **meeting the will of the majority and protecting minority interests**
- **national policy and local desires and needs**
- **genuine differences of opinion, internally and externally.**

As part of prioritisation councils may also need to take account of things that are important for achieving strategic aims, for example:

- **laying the foundations for improvement – such as focusing on councillor-officer relationships or getting the finances right**
- **dealing with particular areas of weakness – such as failing services**

- **addressing wider aims – such as equalities, social cohesion or sustainable development.**

Vision and priorities must be based on what can realistically be achieved, given council resources, and on what can be progressed by joining forces with partners. **Resources should bend to priority areas**, though they may not always map directly. This may mean deciding to spend more on some activities and less on others or even to stop spending on something altogether.

Priorities will exist on different levels. At the very highest level there will be strategic aims, focusing on what you want to achieve – that is, your council and community's vision and ambition. Prioritising these will reflect the medium- to long-term ambitions and are likely to be reviewed every few years.

Beneath these are operational objectives that focus on what you need to do to achieve strategic aims. Prioritising these will identify key areas of activity and areas where additional effort or resource will be directed to deliver improvement. Operational priorities will influence the decisions that managers make on a yearly, monthly and even daily basis.

Decisions about aims and priorities affect what people do day-to-day, so everyone needs to be clear about what they are. **Aims and priorities should be communicated through word and deed.** Councillors and managers and council publications should all clearly state priorities.

To reinforce this clarity, it can be helpful to explicitly identify low priorities and non-priorities. These might be areas that are less important to the community or where performance is already at an acceptable level. Low or non-priority areas can still be the focus for some work particularly where there is scope for making efficiency savings in order to release resources for investment elsewhere. There may also be activities that the council no longer needs to undertake.

In councils that prioritise well:

- **evidence from stakeholders and the public has been used to establish aims and priorities**
- **councillors are involved in setting local strategic aims and in ranking them**
- **aims and priorities, and their relative importance, are clear and underpin the vision**
- **resources are linked to aims and priorities**
- **aims and priorities have been communicated internally and externally**
- **aims and priorities are cascaded down to individual actions and there are systems to support monitoring of this activity**
- **clear milestones and measures underpin the council's vision**
- **partners' priorities and plans reflect council priorities and vice versa**

- **priorities are reviewed at appropriate intervals to reflect changing demands and current progress.**

#### **in practice**

Yeovil Town Council has developed a prioritisation process that engages with its residents and stakeholders. This has led to a clear set of priorities that has been the focus for improvement.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx).

### **3.3 planning for success: corporate and service plans**

A corporate or community plan sets out high level visions, priorities and outcomes but the engine for achievement is often in service level plans, project plans and targets set either within services or corporately. Councils may well wish to include appraisal performance in their Annual Reports or similar documentation. Performance planning brings priorities together and cascades them through to services and individuals. In many, the consequent detailed planning is done at *service level*. **Many of the best councils take a co-ordinated approach** to service planning, with management providing support or guidance.

**Service or business plans are a cornerstone of effective performance management.** An effective plan provides a solid foundation for achievement and forms a vital part of the *golden thread*, so each person understands how they contribute to achieving the council's improvement objectives. The service planning process is the opportunity to make rational and co-ordinated decisions about levels and types of provision and how and where to use resources: finance, people, skills and assets. It is also a key process for assessing **risks to achievement** and how to manage those risks.

Allocation of funding should be based on a clear set of priorities, so service plans need to integrate with budgeting and financial planning. The service planning process is the right place to identify areas where performance can be reduced, must be improved or where efficiencies can be achieved for the same level of service. Targets can help to set out what needs to be achieved and when. All councils should be aware that they spend money and they need to demonstrate economy, efficiency and effectiveness.

#### **in practice**

Abingdon Town Council has developed a service planning process that involves medium term financial planning across service areas. This has led to a clear programme of delivery which assists in budget setting.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx).

### 3.4 targeting improvement

Used appropriately, targets can help to emphasise, communicate and achieve stated priorities. Used indiscriminately, they can lead to unanticipated, even negative, results. They are not guarantees of positive change.

**Targets** specify time-bound, numerical levels for improvement and are usually based around a particular performance indicator. **Standards** define minimum performance expectations. **Objectives** outline performance expectations that may be less strictly defined. Often these concepts are combined but it's important to remember that targets are a tool for **improving performance against a particular measure** over a given period of time. Not all activities or measures are appropriate for targets.

Well-designed targets are often described as **SMART**<sup>1</sup>:

**S**pecific  
**M**easurable  
**A**chievable  
**R**ealistic  
**T**ime-bound.

Targets can:

- **promote accountability. These targets are likely to focus on outcomes or outputs that should be reported publicly – such as development control responsibilities and consultation**
- **help manage a service, for example, Performance Indicators for allotment occupation rates**
- **stretch performance. Identifying a goal that is difficult to achieve in full but where all progress is beneficial, such as satisfaction rates with sports grounds**
- **enable self-improvement. These may be personal performance or development goals that aren't formally reported on in public.**

Understanding how you want to use a target will help you design and plan for its achievement. Using a target for more than one reason may be confusing or counterproductive. For example, don't use the same measure for an aspirational goal, which may not be fully met, and an accountable goal, which will attract consequences if it is not achieved.

Targets are not always the most appropriate improvement tool and should be focused on things that really matter. The criteria for using a target are:

---

<sup>1</sup> There are a number of different ways to describe SMART targets but this mnemonic reflects the principles of most of them.

- **you can positively affect the outcome within the target's timescale**
- **there is enough predictability in the area of performance for a target to be meaningful**
- **it will help focus attention on a particular area of importance**
- **it will motivate people to look for new ways to improve**
- **it will signal commitment to users and stakeholders**
- **its possible to monitor progress without disproportionate cost.**

Finally, targets must be integrated into other service plans or individual performance and development plans – and they must be adequately resourced.

### **in practice**

If you decide that targets are an appropriate improvement tool, this brief checklist has a few things to bear in mind.

#### **the outcome you are trying to achieve**

- what is the ultimate objective? Are there broader aims you should take into account, for example, community strategy (again – whose?)? What are the timescales?

#### **defining where you are now and where you want to be**

- what is current performance? What are the performance trends?
- are there any targets or minimum standards? How do you compare with others?

#### **identifying appropriate measures**

- is there a clear measure and existing data against which to set and assess the target?

#### **consulting with staff, members and citizens**

- involve those who will deliver and be held accountable for the target. You need their knowledge, experience, ownership and understanding.
- who are the other stakeholders? How can you involve them or use known information about them in setting the target?

#### **creating an action plan**

- how will you achieve the target? What are the milestones on the way to achievement?
- who is responsible for performance?

#### **monitoring progress**

- how will progress be monitored?
- what actions will be taken in response to monitoring? How will those responsible for the target be held accountable?



Delivering better outcomes is a complicated business and difficult to measure. Indicators must not only adequately reflect what's going on but also **provide a basis for decision-making**, identifying areas for improvement or where learning could be shared. Part of the value of a good indicator is in comparing your performance against others, so wherever possible use existing indicators. It's easy to underestimate how complex and time-consuming it is to develop an indicator from scratch. The Library of Local PIs developed tested and comparable indicators with principal councils. This library can be located at:

<http://www.local-pi-library.gov.uk/index.html>

Individual performance measures should be:

- relevant to what the organisation is aiming to achieve
- able to avoid perverse incentives – not encouraging unwanted or wasteful behaviour
- attributable – the measured activity is linked to the actions of an organisation or an individual and it is clear where accountability lies
- well defined – clear and unambiguous, so data will be collected consistently and the measure is easy to understand and use
- timely – producing information regularly enough to track progress and quickly enough for all the data still to be useful
- reliable – accurate enough for its intended use and responsive to change
- comparable – with either past periods or similar activity elsewhere
- verifiable – documented so that the processes of data collection can be validated and others can test or audit that this is an accurate measure of performance.

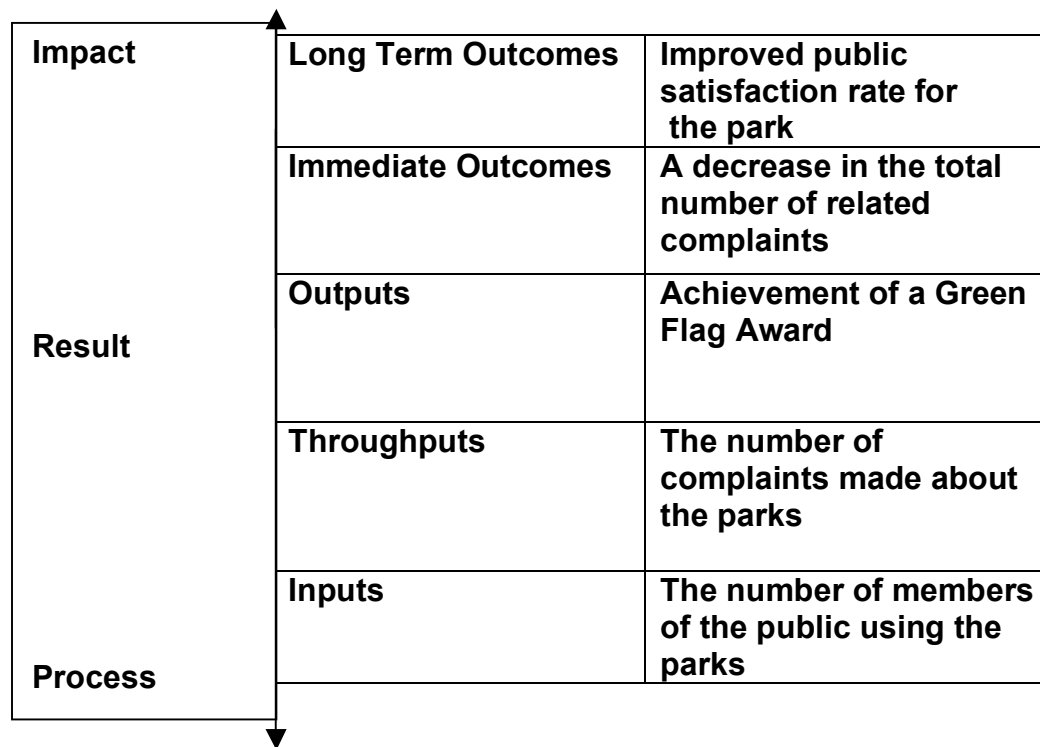
The increased focus on quality of life within an area, rather than on simple measures of outputs and costs, creates a greater need for indicators that measure progress toward achieving broader outcomes such as healthier communities or greater educational attainment. **A council must express such priorities in a way that helps its managers, staff and partners work towards achieving those goals.** Community leaders must communicate these objectives in a way that ordinary people can understand and therefore judge if they have been achieved. This reinforces democratic accountability.

These outcomes need to be broken down into measures that show who's doing what and how they're performing. **Outcome indicators demonstrate impact.** For example, if the council has set a number of targets for park and recreation areas, the long term outcome can be measured by public satisfaction, healthier or safer communities.

Some outcomes may take a long time to achieve but where the relationship between certain actions or behaviours and long-term outcomes is well understood – for example, with park and recreation areas – you can use a series of easier to collect **proxy measurements** to mark progress. So you

can measure the number of members of the public (an **input measurement**), how many complaints are made (**throughput**) and achievement of a Green Flag Award (an **output measurement**). An early outcome measurement is a decrease in the total number of complaints. The longer-term outcome is an improved public satisfaction rate for the park.

**figure 5: measuring progress towards longer-term outcomes with a series of related indicators**



**in practice**

Horden Parish Council has developed an indicator robustness process that involves monitoring service costs and how they correlate. This has led to a transparent financial system which gives residents value for money.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx) .

### 3.7 reporting performance

Information presented to councillors, managers and the public influences their decisions. All performance reporting should help answer the question **‘What do I need to know to make sure things get better?’**

Instead of reporting large volumes of data, successful councils build hierarchies of performance information that provide a balanced view of performance and are accessible to their specific audience – managers, councillors, partners and the public.

Performance reporting needs to be tailored for the information user. For example, a relatively small number of key indicators – 20 to 30 – are likely to

be reported regularly to management. These will be supported by a commentary that explains the information and tells a story. For other indicators, there may be **traffic-light reporting** (usually visual markers like colour or symbols to show where there has been underachievement or when a target is at risk of not being met) or **exception reporting**, when measures are reported only if performance differs from an expected standard. This can help to ensure that any problems are addressed early.

You need to agree the standards that trigger highlighting or inclusion in an exception report during the performance planning process and you will probably want to set tolerances for reporting. That is, understanding when under-performance becomes a problem that requires additional action and when, if ever, performance simply needs to be observed. **Tolerances** may be based on a variety of measures – for example, two reporting periods of declining performance; a cost overrun of a certain amount; measured performance declining by a certain percentage or falling in relation to other authorities' performance. The appropriate trigger will depend on the type of service and measure.

The tolerance might be set very tightly, reporting under-performance for any decline in important areas, or more loosely, where variation is expected or does not pose a major risk to the council's overarching priorities. In some areas, performance may dip due to seasonal or other types of variation, and you will need to adjust tolerances accordingly. For example, you may not want to report a decline in visitors to the outdoor pool in January!

**Simply reporting performance can't explain success or failure.** In some cases, extra analysis is needed, perhaps using statistical or graphical presentation to understand the trend, the history and probable future direction of performance. Staff who collect performance information have a responsibility to identify areas where additional analysis can help. Equally, managers and councillors have a responsibility to ask for and provide resources for additional analysis if necessary.

Key decision-makers need to ensure not only that they are receiving the right information but also that they have the right skills to understand and make use of it. Importantly, those who receive reports need to ask questions about the information they see. **Questions about performance need to be robust and answers need to be honest.** The atmosphere should be supportive with an emphasis on looking for solutions rather than apportioning blame. This productive atmosphere depends less on measurement and more on people and culture, covered in the next chapter.

#### **in practice**

Henley on Thames Town Council has developed a performance comparison process that involves benchmarking to gauge how to improve. This has led to an informative and cost effective system of Council service delivery.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx) .

## IT-supported reporting

Some local councils have used IT-supported systems, developed in-house or from a commercial software company to help with collecting, organising and reporting performance measures at all levels. In councils with well-developed measurement frameworks, IT systems can eliminate multiple entry of the same data, reduce error, enhance ownership of indicators and facilitate faster, tailored reporting. But they will not do the job of managing performance.

### in practice

East Grinstead Town Council has developed a performance reporting process that involves Service Reviews and Outstanding Action Plan Implementation. This has led to a sophisticated system of Action Plans which are regularly uploaded to the Council's website.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx) .

## 3.8 Performance Reviews

The Best Value duty to review services and performance, was repealed in the Local Government and Public Involvement in Health Act. However, in the spirit of Best Value, councils should consider the following when carrying out a service review:

- **regular performance or financial reporting indicates there is a problem with service level or cost, particularly in priority areas**
- **information from customers, satisfaction levels, complaints or other citizen challenges indicate there is a service provision issue**
- **there is a major shift of policy covering the service area to ensure provision meets new policy objectives**
- **it is unclear whether a service is still needed**
- **there seems to be a good case for a new service or service configuration**
- **there is a clear opportunity to work with other organisations to deliver common services.**

Service or cross-cutting reviews shouldn't be overly bureaucratic and should focus on what you want to achieve. When circumstances dictate, the above procedure should be followed – it is not automatic or cyclical. The 4Cs of Best Value (challenge, consult, compare, compete) can be used, but to do a

thorough review, a formal process should be adopted and an improvement plan applied.

#### **in practice**

Truro City Council has developed a performance review process that involves matching corporate objectives to an annual Project Update. This has led to an open system of service consultation involving residents.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx) .

### **3.9 taking action for improvement**

Local councils that manage performance well, often establish management group responsibility for performance and improvement. These groups often include councillors and take responsibility for:

- regularly monitoring and acting on key performance indicators that reflect corporate priorities
- setting standards for performance and expectations of when action needs to be taken
- identifying tolerances for performance
- asking challenging questions about performance
- ensuring that there are robust action plans to address under-performance, redirecting resources where necessary
- following up planned actions, ensuring they have led to improvement
- sending out a clear signal that performance and improvement are being taken seriously at the highest level.

Setting up a separate group can help show how important performance management is in your council. When it is well embedded, a specific group is not always necessary, but council performance needs to be on agenda, with plenty of time to discuss issues and decide actions.

#### **in practice**

Peterlee Town Council has developed a Performance Action Planning process that involves tightening Risk Management and Internal Control. This has led to a strict system of Corporate Governance at the Council.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx) .

## **4. people and performance**

**People are the critical factor** in making performance management work. Staff need to be engaged and involved. They have a greater ownership of council performance priorities because they feel more involved. Their views on improvement, priorities and performance are not only sought but acted on.

Leadership, organisational culture, individual efforts, skills and capacity and most importantly a focus on users are the key drivers for high performance and improvement.

### **4.1 users, citizens and stakeholders**

Performance management can help to keep focus on the service users and citizens who should be at the heart of a local council's systems and culture.

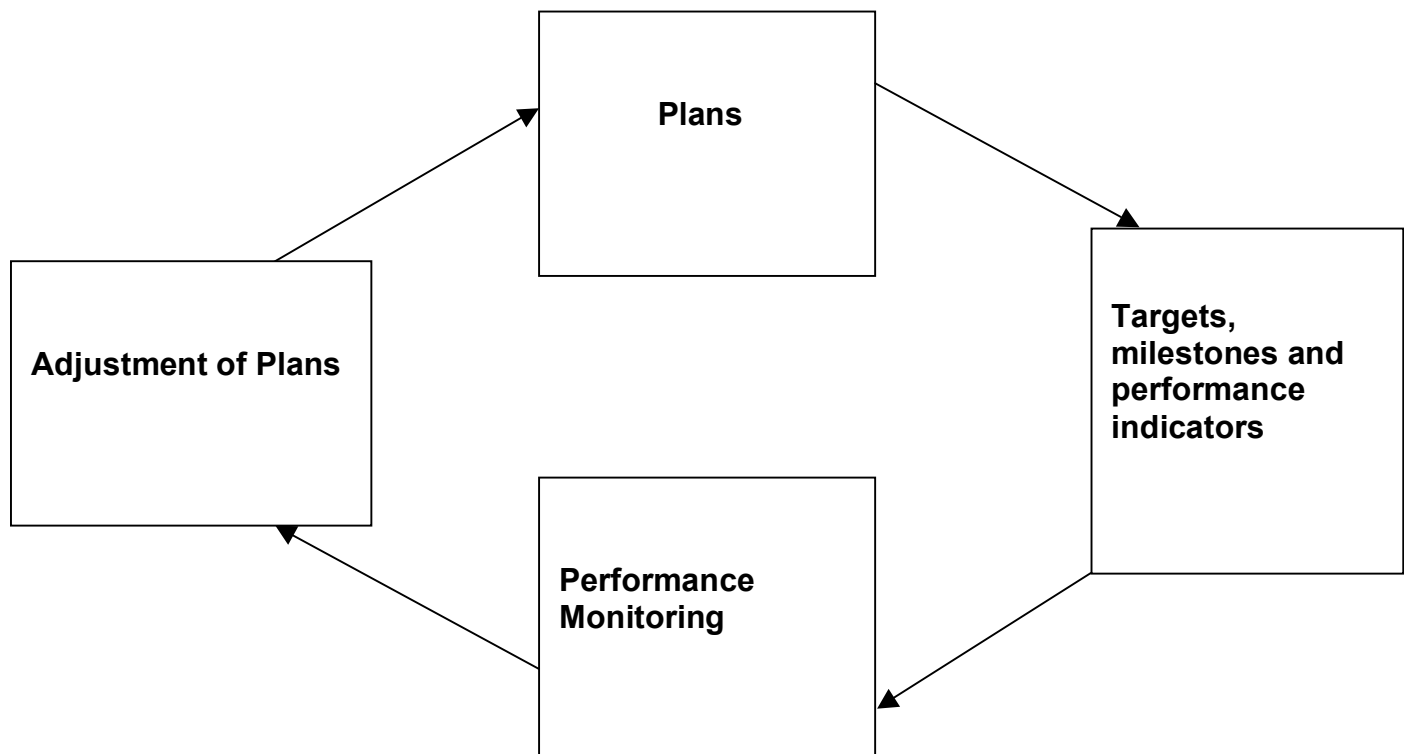
This starts with community planning so that the council and its partners are clear about what is important for local people. This must follow through to what the council is trying to achieve and the tools used to support achievement – performance reporting, business planning, staff appraisals and service reviews. Including citizens and incorporating their views in the performance management cycle is essential to maintaining user focus.

Many local councils carry out consultation but are less successful at integrating this information into decision-making and performance management. Some have also made progress in understanding the relative importance that different groups attach to services, which aids prioritisation.

Beyond surveying users, councils should use customer intelligence; information about how, when and who is using services. This information can help to shape the delivery and effectiveness of services, help managers to understand if they are reaching priority groups and help the local council to reach its diversity and equality goals.

Increasingly, local people are involved in planning and assessing services. Some councils ask them to evaluate performance in very visible front-line services and this, in turn, has helped managers to understand what users value.

**figure 6: embedding user focus in the plan, do, review, revise performance management cycle**



Councils will need to **work with users and citizens, as they develop a greater voice** in managing the performance of councils through user groups. This will bring new challenges and means that councillors and officers will need to emphasise different skills, such as negotiating, communicating and influencing, to achieve better performance.

#### **in practice**

Yeovil Town Council has developed a Committee bidding process that involves residents telling the Council what its priorities should be via the local newsletter. This has led to a series of updates for local residents.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx) .

#### **4.2 leadership**

Everyone in a local council has responsibility for performance management – but local council leadership **must drive it**. What they say and do sets the tone for everything that happens within the council. Priorities should be agreed and clearly communicated throughout the council. When making decisions, the leadership need to be seen using performance information if others are to become committed to using the systems that provide the information. Leadership at all levels must also be willing to understand the barriers to improvement and provide the necessary support to solve problems. **Champions, those who embrace and encourage others to use performance management, are needed at all levels** – in healthy organisations, leadership isn't confined to one group at the top.

**Strong leaders and managers are clear about what kind of performance they expect** and communicate the importance of everyone's contribution towards meeting corporate and community ambitions.

### **managerial leadership**

Managers must make sure that an effective performance management framework is in place that links to other aspects of corporate governance, such as risk and financial management. Most importantly, managers must demonstrate that they use performance management and base management decisions on performance information.

Through their own behaviour and actions, managers must:

- model the behaviours associated with good performance management
- set out a clear vision
- communicate clear performance expectations
- champion performance management
- stick with it, following through on improvement priorities
- allow staff the space and time for learning and development.

Managers' key responsibility is to help staff develop and achieve maximum performance. How managers develop some of these skills and approaches is outlined later in this chapter.

#### **in practice**

Abingdon Town Council has developed a process that involves medium term financial management factoring in service delivery with partner organisations. This has led to efficient delivery across a range of services.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx) .

### **political leadership**

The role of all councillors is vital. Although they must take a more general role rather than micromanage daily delivery, they must understand performance management to ensure that their objectives are met.

All councillors should have a good understanding of their authority's performance and how it is managed. This should be used to inform priorities and engage in service improvement. They should be involved in:

- setting the strategic direction, priorities and budget options for the council
- receiving concise performance reports that paint a clear picture of performance trends, perhaps through the use of colour and graphics
- asking questions about current performance and improvement plans
- using their local knowledge to draw out the larger pattern from complaints and consultation events
- fashioning strategic solutions
- seeking assurance that adequate systems are in place to manage performance, risk and resources.

Some councils have developed coaching or training, sometimes using external facilitators, to ensure that councillors have a good understanding of how performance management works and what their role is.

#### **in practice**

Councillors can take on many different roles in performance management:

Horden Parish Council has developed a well honed Committee process that involves residents' money is saved where possible. This has led to tabs being kept on service spend.

Henley on Thames Town Council has developed an efficient consultation process that involves a committee gauging resident satisfaction survey levels. This has given the council hard data to compare performance.

>>For more detail, see these case studies at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx) .

### **4.3 culture**

The right organisational culture is critical to improving the effectiveness of performance management – but notoriously difficult to describe or plan to change.

Culture can be thought of as the sum total of the beliefs, values and behaviours of individuals within a given group and it is a means by which norms of acceptable behaviour are established. Because culture is about what people believe and do, it has a huge impact on:

- what a council sets out to do, its vision, ambitions, priorities and targets
- how people are managed, motivated and supported in their jobs
- how individuals or groups respond to demands for improved performance
- how individuals and the council as a whole view and make use of performance management.

Previous studies have identified two types of organisational culture:

- a **culture of performance** – where there is a real desire to improve and deliver the best possible services for local people
- a **performance management culture** – where there is a focus on aspects of managing performance, with a keen interest in developing and using systems that measure and report as the basis for taking action to do things better.

The distinctions between the two may be arbitrary, but potential is maximised where both come together as a **performance-oriented culture**. A performance-oriented culture entails:

- customer focus – a focus on the end result for users and citizens
- can-do attitude – people feel empowered and supported to innovate and take responsibility without fear of blame
- learning – feedback from staff/users and performance information are used to improve
- a positive approach to performance management – as a tool for improvement, not merely a form-filling exercise.

You can assess culture systematically using staff surveys and focus groups. It is also possible to achieve positive change in an organisational culture. However, it takes time and effort and involves:

- leading by example, displaying the behaviours associated with good performance management
- involving people in changing their own culture for the better
- consistently applying a system that is seen to work
- training, communicating and persuading.

#### **in practice**

Dunstable Town Council has developed a process designed to achieve better results and embed improvement. This builds on the council's Plans For the Future section in its former Best Value Performance Plans.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx) .

#### **4.4 skills and capacity**

Improving overall performance means improving individual performance. You may need to improve individual skills and capacity, motivate staff and refine the systems people use or the organisational structures they work in. It may be about investing in the tools people work with – IT, communications systems – or moving resources around. It may also be about helping individuals to focus on performing better or building teams with the right balance of skills.

A co-ordinated system of performance appraisal, personal and career development is necessary. Management and staff need to work together to design personal performance plans that outline how each person's work links to team action plans, service plans and council and community priorities. This reinforces the *golden thread* and identifies how individuals will develop and hone their skills to meet new challenges.

It is hard to strike the right balance between encouraging and motivating people to perform and dealing with situations where people are not performing. The first part is about making sure you develop, train and support people to do a well-defined job, **making it clear what good performance looks like**. The second part is about recognising and acting on poor performance. Management often find this more difficult and it can become a block to improvement.

An improvement-focused management style requires both hard technical skills – such as being able to produce, read and take decisions based on performance information – and softer skills around communicating performance expectations, rewarding good performance and speaking honestly, but supportively, about under-performance.

## **in practice**

Effective performance management requires that all practitioners:

- appreciate its purpose
- know how the process operates in practice and what is expected of them as individuals
- recognise the link between organisational, team and individual objectives
- use a range of communication skills, such as effective listening, questioning and feedback.

Appraisers/reviewers must be able to:

- create team and individual aims from corporate and service objectives
- select appropriate performance measures, standards and indicators
- identify individual/team development needs and suggest ways of meeting them
- evaluate development activities
- assess performance and recognise good performance
- consider constraints affecting individuals and how to overcome them
- operate agreed approaches for dealing with good or inadequate performance.

Appraisees/reviewees must be able to:

- understand how their individual contribution supports organisational achievement
- propose objectives for themselves and define how these could be measured
- identify their own development needs from performance and career requirements
- consider any constraints on their performance and how these could be overcome
- evaluate learning and report how it has contributed to improved performance.

## **4.5 Learning**

Learning is crucial to developing a performance-oriented culture. Learning is about gathering and understanding information about what has and has not worked and using this information to change what is done – and there needs to be a willingness to challenge and be challenged. To engage in the process of learning, people need to feel comfortable and confident that what they share will be used in a constructive dialogue and not in apportioning blame.

**Staff need time to reflect and learn from experience and to share their learning with others.** For example, evaluation should be built into action, project or service plans, and time should be dedicated to discussing what has been learned. Councils could benefit from establishing learning networks to share good practice or to develop specific performance management skills.

Learning networks work best when they are encouraged by management, and Members and staff are given the time and space to attend. Better learning networks bring in people from other councils or sectors to share their knowledge, which can help **accelerate improvement by learning from the successes and mistakes of others** and through being open to external challenge.

#### **in practice**

East Grinstead Town Council has developed a business planning process designed to allow itself to learn from previous experiences with service delivery. This entails Business Plans being updated annually in draft.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx) .

## **5. performance management in partnerships**

Increasingly, public agencies are working together to meet community aspirations and needs. There is encouragement from government to work in partnership and a growing realisation that better community outcomes cannot be achieved through the efforts of one organisation alone.

The principles of good practice outlined in this guide apply equally to individual organisations and partnerships – but working across organisational boundaries introduces additional complexities. A single organisation must consider the wider management issues of working in partnership. It must consider the risks, benefits and costs of any partnership it's involved in and whether the partnership is contributing towards agreed and shared objectives.

Within a partnership, organisations must agree the outcomes they are striving to achieve collectively and as individual organisations and how they will manage performance. Different types of partnerships require different approaches. Those that are primarily about building relationships and sharing information are unlikely to need complicated arrangements but may wish to share and discuss information about partners' performance. Those that are focused on delivery will need to agree how to manage performance.

Partnerships should consider:

- that they have the appropriate powers to achieve what they are striving to do (particularly if your council is acting as accountable body)
- accountability – how will partners share in contributing to better performance? Who is responsible if things go wrong?
- external reporting – are constituent organisations accountable to different external bodies? How will that affect ways of working and performance management requirements?
- individual organisational objectives – identifying where they overlap, where they are in conflict and how any tensions will be dealt with
- sharing performance information – what will reporting arrangements be?
- organisation and communication – how will partners work together to achieve joint objectives? How will they keep each other informed?
- resources – will budgets be merged or pooled or will individual agency spending be aligned to partnership objectives? How will value for money be assessed?
- assessing the contributions of different partners towards complex outcomes – how will partners agree to share risks, costs, benefits and rewards?

Differences in systems, accountabilities and even the definitions of performance measures can be stumbling blocks – but cultural differences between partners may be even more difficult to overcome. Partners need to take time and be aware of each other’s organisational style. It may be worthwhile to identify and agree acceptable behaviours and ways of working together in writing.

#### **in practice**

Peterlee Town Council has developed a culture of accountability designed to show residents which tier of local government delivers which service. This entails a series of clear links to partner bodies on the Council’s website.

>>For more detail, see the case study at [http://www.nalc.gov.uk/Publications/Booklets\\_and\\_Resources.aspx](http://www.nalc.gov.uk/Publications/Booklets_and_Resources.aspx) .

Performance management in partnership is an emerging area for good practice, but there are already a number of resources available to help.

>>For more information, see:

- the Audit Commission publication: *Governing Partnerships: Bridging the Accountability Gap* and forthcoming companion guide
- a range of partnership resources at [www.idea-knowledge.gov.uk](http://www.idea-knowledge.gov.uk)
- the Improvement Network’s partnership section [www.improvementnetwork.gov.uk](http://www.improvementnetwork.gov.uk)

## appendix 1

### PMMI (Performance Management, Measurement & Information) resources

The PMMI team (joint Audit Commission and Improvement and Development Agency) developed a range of performance management resources as well as signposting existing tools and guidance. These can be found on the **Performance Management, Measurement & Information** website [www.idea.gov.uk/performance](http://www.idea.gov.uk/performance) in the **Performance Management, Measurement & Information** resource pack. The **Performance Management, Measurement & Information** website may be of interest to practitioners in the town and parish sector.

### Performance Management Case Study Authorities

Name of Council	Topic	Council Web Address
Yeovil Town Council	Prioritisation	<a href="http://www.yeoviltown.com">www.yeoviltown.com</a>
Abingdon Town Council	Service Planning	<a href="http://www.abingdon.gov.uk">www.abingdon.gov.uk</a>
Horden Parish Council	Indicator Robustness	<a href="http://www.hordenparishcouncil.gov.uk">www.hordenparishcouncil.gov.uk</a>
Henley on Thames Town Council	Performance Comparison	<a href="http://www.henleytowncouncil.gov.uk">www.henleytowncouncil.gov.uk</a>
East Grinstead Town Council	Performance Reporting	<a href="http://www.eastgrinstead.gov.uk">www.eastgrinstead.gov.uk</a>
Peterlee Town Council	Performance Action Plans	<a href="http://www.peterlee.gov.uk">www.peterlee.gov.uk</a>
Dunstable Town Council	Performance Standards	<a href="http://www.dunstable.gov.uk">www.dunstable.gov.uk</a>
Truro City Council	Performance Demography	<a href="http://www.truro.gov.uk">www.truro.gov.uk</a>

>>For case studies visit [www.nalc.gov.uk](http://www.nalc.gov.uk)

Performance management is a matter for all local councils, whatever their size and level of activity. Whilst the case studies primarily focus on medium and larger sized councils this is because in all the councils illustrated they have robust and long established mechanisms. However, many smaller councils are now developing, or have developed their own performance management regimes bound upon a combination of quantitative and qualitative indicators, including public satisfaction. The National Association

of Local Councils would encourage those councils to share their best practice within the sector generally.

## **appendix 2**

### **other useful resources**

**The National Association of Local Councils and the town and parish sector generally work in partnership with other bodies detailed below and often publish documents which can be downloaded from their websites.**

#### **useful websites:**

- **Area profiles:** [www.areaprofiles.audit-commission.gov.uk](http://www.areaprofiles.audit-commission.gov.uk)
- **The Audit Commission:** [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)
- **The Centre for Public Scrutiny:** [www.cfps.org.uk](http://www.cfps.org.uk)
- **HM Treasury:** [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)
- **The Improvement and Development Agency:** [www.idea-knowledge.gov.uk](http://www.idea-knowledge.gov.uk)
- **The Improvement Network:** [www.improvementnetwork.gov.uk](http://www.improvementnetwork.gov.uk)
- **Library of Local Performance Indicators:** [www.local-pi-library.gov.uk](http://www.local-pi-library.gov.uk)
- **The Local Government Association:** [www.lga.gov.uk](http://www.lga.gov.uk)
- **Communities and Local Government :** [www.communities.gov.uk](http://www.communities.gov.uk)
- **The National Association of Local Councils:** [www.nalc.gov.uk](http://www.nalc.gov.uk)
- **The Society of Local Council Clerks:** [www.slcc.co.uk](http://www.slcc.co.uk) .

## **Acknowledgements**

This guide was produced by Chris Borg and Peter Lacey with the support and contributions of Justin Griggs, Richard Walden, Chris Rolley and David Ashlee. It was largely based upon work for the **Performance Management, Measurement & Information** project completed by the Improvement and Development Agency and the Audit Commission, whom the National Association of Local Councils wishes to thank. Thanks are also owed to Chas Leslie, Adrian Barker and Vicki Goddard at the IDeA for their unstinting support and also to David Pottruff at the Audit Commission for his skill in negotiation.

This Guide could not have been created without the co-operation of the eight councils which participated in the case studies featuring in it and we wish to express our gratitude to them. Thanks are also due to the Chief Executive and National Executive Committee of the Society of Local Council Clerks, because of whom it has been possible to bring together a wealth of knowledge to share among the wider town and parish community.

**This copy is only available electronically and not in hard copy format.**

**The National Association of Local Councils**  
109 Great Russell Street  
Holborn  
London  
WC1B 3LD  
t. 020 7637 1865  
f. 020 7436 7451

**Improvement and Development Agency  
for local government**  
76–86 Turnmill St  
London EC1M 5LG  
t. 020 7296 6600  
e. [info@idea.gov.uk](mailto:info@idea.gov.uk)  
**Audit Commission**  
1st Floor Millbank Tower  
Millbank  
London SW1P 4HQ  
t. 020 7828 1212  
[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

**Every effort has been made to ensure that the contents of this publication are correct at time of printing. The National Association cannot accept responsibility for errors, omission and changes to information subsequent to printing. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means unless the permission of the publisher has been given beforehand.**

**© 2006 Improvement and Development Agency and Audit Commission. Adapted and reproduced with the kind permission of the IDeA and Audit Commission. All rights reserved**



