



# Review of Performance Management Arrangements

## **Neath Port Talbot County Borough Council**

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# Status of report

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# Summary report

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## Summary

1. In 2014, the Auditor General undertook a Corporate Assessment of Neath Port Talbot County Borough Council (the Council). The assessment identified weaknesses in its performance management framework, but acknowledged that the Council had already recognised this and was seeking to address it. In particular, the assessment found that service business planning was inconsistent across the organisation. This meant the connection between strategic priorities in the Corporate Improvement Plan, directorate activity and individuals' performance was weak. It also meant that not all directorates were routinely planning and evaluating their work and accountability for performance needed to be strengthened. Another consequence of this variation was that there were missed opportunities to focus on corporate priorities, such as sickness absence levels, and ensure they were prioritised and monitored across the organisation.
2. The Corporate Assessment therefore included a proposal for improvement for the Council to implement planned performance reporting improvements to bring together information in a way that allowed the Council to evaluate whether it is making effective use of its resources.
3. This review assesses subsequent progress and has sought to answer the question: 'Has the Council made progress in implementing its new performance management arrangements?' The review has included desktop research and a number of interviews. The interviews focused on the following services: Finance and Corporate Services, Education (Participation, including Sport, Culture and Active Living), Environment (including, Waste, Street Care, Neighbourhood Services, Engineering and Transport, Highways and Drainage, Property and Regeneration, Planning and Road Safety) and Business Strategy and Public Protection (including Trading Standards and Environmental Health).
4. We found that the Council has made progress in implementing its new corporate performance framework but needs to fully embed business planning and continue developing performance reporting because:
  - the Council has improved the corporate performance framework and managers are committed to using the new processes;
  - heads of service are planning more consistently but there is scope to continue developing and refining the business plans and report cards; and
  - the Council is beginning to improve the coordination and presentation of performance information to support decision making and scrutiny but does not yet have a complete overview of performance.

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## Proposals for improvement

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| P1 | Further refine the service business plans, in line with corporate guidance (see also paragraphs 20-21).                                    |
| P2 | Further refine the report cards, including strengthening the narrative evaluation and the link between priorities and actions.             |
| P3 | Further develop performance reporting by coordinating and bringing together information to support scrutiny and strategic decision making. |

# Detailed report

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The Council has made progress in implementing its new corporate performance framework but needs to fully embed service business planning and continue developing performance reporting

The Council has improved the corporate performance framework and managers are committed to using the new processes

5. In 2013, the Council reviewed its corporate performance management framework. It found that, while corporate priorities had clearly been identified, the detailed service business plans designed to deliver them were inconsistent and some directorates had stopped producing them. It also found variations in employee development reviews and the setting of chief officer objectives, weakening the link between individual performance and overall progress and undermining ownership of, and accountability for, delivery of corporate priorities. The Council has sought to address these issues through the following action:
  - setting objectives for chief officers and heads of service to inform the business planning process for 2014-15;
  - introducing service business plans at head of service level, to be signed off by Cabinet member, presented to scrutiny and regularly monitored by senior management teams;
  - introducing service report cards at accountable manager level, which summarise activity and focus on outputs and outcomes and are presented to scrutiny as required; and
  - the Human Resources (HR) department developing a new appraisal model and ensuring managers across the organisation undertake employee development reviews.
6. The corporate performance team has led the development and implementation of the new business plans and report cards, which are the focus of this review. Further information on the HR aspects will be covered in the Annual Improvement Report 2015-16.

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The Council has introduced guidance that encourages improvements in business planning practice across the organisation

7. The corporate performance team has developed new corporate guidance to help re-establish service business planning across the organisation. The 'Head of Service Business Plan Guidance Note' (2014) sets out a number of principles to be adopted, rather than a prescriptive template. This allows a certain amount of flexibility in how each service might prepare its business plan but the principles have encouraged a number of positive developments.
8. For example, the guidance encourages heads of service to focus on their top priorities for the year ahead and use a wide range of information when identifying them. It suggests they draw on information that includes national and local priorities, contributions to savings and underperformance. In addition, the guidance encourages evaluation of past performance, whereby heads of service assess what went well, what could be further improved and any shortfalls that should not be repeated. The guidance is therefore seeking to ensure that priorities are selected through robust analysis and a culture of self-evaluation is promoted across the organisation.
9. The guidance also sets out a number of mandatory corporate measures, relating to financial savings and expenditure, appraisals and sickness absence, customer and employee satisfaction, and completion of report cards. This approach therefore seeks to increase the emphasis and action on corporate priorities, as well as service-specific priorities.
10. Importantly, the guidance includes a section on managing risk. It suggests risk is assessed and that mitigating actions are identified. This should help to drive a consistent approach to the quantification of risk and embed risk management in service business. We have produced a separate report on the Council's current corporate risk management arrangements.
11. The corporate performance team is continuing to support the application of the business planning guidance. As part of the process of ongoing development, it commissioned an external review of the new business plans in summer 2014. Positively, heads of service described how they took the learning from the review to help them continue improving their approach to business planning for 2015-16. In the Environment Directorate, for example, one head of service considered the findings and began a process of engagement across the service to help break down silos and create a line of sight between the accountable managers' plans and overall priorities. All heads of service we spoke to were aware of the review and had used the findings as a basis for self-reflection.

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The Council has adopted a report card template that has the potential to strengthen the evaluation of service performance, linked to resources and corporate priorities

12. In addition to the head of service business planning principles, the corporate performance team developed a report card, to be produced at 'accountable manager' level. The report cards are designed to be a planning and reporting tool, which bring together information on the service, performance, use of resources and future action. In that respect, the report cards blend elements of a Results Based Accountability (RBA) report card and a balanced scorecard. They are short and user-friendly and seek to provide an instant snapshot of where a given service is. By bringing together information on service performance and corporate measures (linked to resources), they begin to address one of the gaps identified in the Corporate Assessment. They also have particular utility in relation to scrutiny of service performance.
13. The corporate performance team designed a standard template for the report cards, which provides firmer guidelines for completion but still allows scope for managers to reflect the specifics of their service. Furthermore, managers are able to use existing formats and templates if they meet the basic principles (Sport, Culture and Active Living, for example, where they have been using RBA reporting principles). This has allowed managers who were already using performance information effectively to continue doing so and reduced the potential for duplication where certain services are required to report through national templates.
14. The report cards are intended to be a means of embedding performance management in service areas. They should help to ensure that managers are considering both corporate and service-specific objectives and encourage managers to review performance regularly, in the context of financial savings and staffing issues.
15. As with the new approach to business planning, our interviews revealed a good level of buy-in to the report cards. Most accountable managers were in the process of developing their report cards and reported feeling well supported by the corporate team; others were awaiting training but intended to develop them. The high degree of buy-in reflects positively on the way the corporate performance team has worked with service areas to promote the new approach.
16. However, there are some different interpretations of how the report cards should be used. The report cards are intended to replace individual team plans but some officers have retained their team plans in addition to the report cards as they felt this gave them the detail they needed to work to on a daily basis. Corporately, the Council appears to be comfortable with this, recognising the needs of services vary and some have well-established processes that they find effective. The most important thing will be to ensure that all teams are planning effectively, using high-quality evidence, monitoring regularly and reporting clearly. It will also be useful for the corporate performance team to continue reinforcing the purpose of the report cards and how they fit with the overall performance framework to ensure there is clarity. They will also need to be mindful of ensuring mandatory corporate measures are being monitored across the organisation.



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17. In summary, the successful establishment of new arrangements is being supported by:
- clear guidance being available to enable the production of service business plans and report cards;
  - review during implementation to enable refinement of arrangements and a response to service needs;
  - close engagement between the corporate team responsible for developing guidance and supporting implementation and the managers responsible; and
  - a flexible approach, whereby those managers who have established and effective report cards not being required to change.

### Heads of service are planning more consistently but there is scope to continue developing and refining the business plans and report cards

#### There is scope to continue improving the application of the corporate business planning guidance

18. The 2014 review of business plans highlighted how the application of each 'principle' in the business planning guidance could be improved. The review found that compliance with the guidance was patchy and, in particular, the plans were too long, included too much narrative, had not prioritised effectively, included inadequate data and contained measures and targets that were not meaningful. The overall conclusion of the review was that the Council needed to strengthen its service planning, performance monitoring and political oversight and deepen its understanding of self-evaluation. While these findings are still evident to varying degrees in the 2015-16 business plans, there does appear to have been some progress.
19. For example, considering the 2015-16 business plans against the corporate guidance shows that the Environment Directorate continues to have relatively high compliance and there is a level of consistency across the plans we reviewed. It also shows that compliance in Education (limited to the Participation service in this study) is lower. However, it is difficult to compare the Participation service against the corporate guidance because we did not see an overarching business plan and there are a range of individual plans that follow separate templates, covering Flying Start, Education Development Inclusion Service and Adult Community Learning, among others. In some cases, this may be due to national planning and reporting requirements, but it will still be necessary to ensure that mandatory corporate measures are being monitored and that risk is being assessed and managed across the service.

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20. When looking at the 2015-16 business plans that were within the scope of the review, the following points have been observed in relation to key principles in the guidance:
- **The inclusion of mandatory corporate measures appears to have improved overall, but is still not completely consistent.** Some heads of service reflected the mandatory measures in their priorities for the year ahead and included them in their supporting action plans, as directed by the business planning guidance. Some included most but not all of the mandatory measures but a limited number of business plans did not refer to the corporate measures. Of those that included some but not all, the measures that were most likely to be missing were customer and employee satisfaction and completion of report cards.
  - **The approach the business plans took to prioritisation was mixed.** The Environment Directorate business plans tended to include a good balance of corporate and service-specific priorities. Business Strategy and Public Protection and Trading Standards had successfully prioritised key achievements for the year ahead, but had not referenced the corporate measures. Some in Finance and Corporate Services had not focused on high-level, key priorities to the same extent.
  - **Risk has been widely included and generally scored and linked to mitigating actions.** Risk has been included and quantified and mitigating actions have been set out in most business plans in Environment and Business Strategy and Public Protection. A small number of these business plans also include a revised score, which takes the mitigating actions into account. Some of the remaining business plans have identified risks but have not scored them.
  - **Performance information and achievements were included, but the evaluation of performance was more limited.** All business plans tended to include some form of reflection on key achievements in the previous year and this was generally narrative. Quantified performance information was included in some business plans, but was often not benchmarked or put into a longer-term comparative context and qualitative data was not generally included. While some business plans identified what had worked well, there were fewer attempts to highlight areas of underperformance and what should not continue or needed to change.
  - **Few business plans set out their overall approach to delivery and options considered.** The principle that appears to be the least observed within the guidance is Principle 3 'How are you going to secure these achievements', which requires a description of the overall approach, rather than detailed actions. Some business plans did not attempt to include this, while others referred to actions, which may be due to different interpretations of what is expected or a perception that it is not relevant to all services. However, two examples of where the overall approach to delivering the priorities was well described were ICT and Planning.

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- **Action plans were included but did not always link clearly to all corporate measures or priorities.** Most business plans included action plans with lead officers, milestones and measures but there was not always a clear and direct link between the priorities identified at the beginning of each business plan and all of the actions included in the action plan. While many incorporated the mandatory measures, few included every one of them (see above) and some still tended to cover what appears to be 'business as usual' activity. Some had linked their activity to the delivery of the improvement objectives, but in general, there could be a clearer articulation of how the priorities and actions are contributing towards the delivery of the improvement objectives to strengthen the 'golden threads'.
21. Therefore, while managers described how they had continued to develop their approach to business planning in interview, there is still scope to continue building on this and ensuring the corporate principles are fully utilised.
  22. However, beyond considerations of adherence to the guidance, some services felt they have well-established business planning arrangements in place, which predate the corporate approach. Public Protection, for example, was found to have low compliance with the corporate guidance when the exercise was undertaken in 2014, but has embedded business planning arrangements and described positive practice that the Council could build on. This service and the Environmental Health and Trading Standards teams within it, use their business plans as a basis for their day-to-day work, discussing performance against the plan in team meetings and regular one-to-one meetings. While the teams recognise the value of and are moving towards compliance with the corporate guidance, there are strengths to the approach described, which could be adopted more widely.

**There is scope to continue developing the report cards to ensure they provide a rounded and evaluative overview of service performance**

23. The report cards are less well established than business plans because, in general, 2015-16 is the first year they have been used. Given this, it is inevitable that they will take time to become established and the initial round of report cards is unlikely to satisfy every requirement of the corporate template. Indeed, at the time of the fieldwork, some report cards were still under development.
24. The report cards that were available for review that use the corporate template have attempted to include information covering each element. However, they could continue to develop a clearer connection between priorities, actions and measures. This may be presentational, but in some instances, the measures included did not account for each of the priorities. For example, where corporate issues had been reflected in priorities, the relevant measures had not always been included in the data sections. Ensuring the alignment between these three components should mean that activity is not overlooked and support accountability.

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25. The report card template encourages the inclusion of different types of measure and makes a distinction between outputs and quality by including a section on 'how much did we do/how well did we do it'. This has been reflected in some report cards, which include data on customer satisfaction, corporate measures and relevant performance indicators. However, as with the business plans, it will be important for the report cards to strike the right balance between data and narrative. They currently include some narrative description of achievements and some data on performance but tend not to include evaluation of what the information is showing. The 'story behind the baseline' section could provide this, but has generally been used as an extension of the data sections that precede it.
  26. Furthermore, where corporate measures relating to resources are included, the narrative story behind the baseline could be developed to provide a rounded assessment of performance in the context of available resources. This would ensure the two are considered in relation to one another, rather than being presented as separate elements.
  27. As the report cards become embedded, the focus should be on continuing to develop the range of quantitative and qualitative information, clearly linked to priorities. An evaluative story behind the baseline could provide an explanation of performance and resources linked to planned action, helping the reader understand the current position and direction of travel. The report cards could also make a direct reference to how they are contributing to the achievement of the improvement objectives.
  28. Continuing to develop this is likely to be valuable, particularly if the report cards are to become the primary means of scrutiny holding officers to account for service performance.

### The Council is beginning to improve the coordination and presentation of performance information but does not yet have a complete overview of performance

29. The Council has been presenting a range performance information to various groups and committees. These include quarterly performance reports, programme highlight reports, budget monitoring with performance against planned savings, the six-month and annual review of the Corporate Improvement Plan and other annual reports, as required. Officers also said there was regular informal communication with senior officers and members.
30. A number of officers cited the quarterly performance reports as an important means of evaluating how their service was performing. They have also been one of the main mechanisms for ensuring members have oversight of performance, via the Cabinet boards and scrutiny committees.

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31. The Council has been effective in ensuring the quarterly performance reports are presented to the relevant Cabinet boards and scrutiny committees in a timely manner. However, Cabinet board agendas tend to be busy and this often means the papers are numerous and the performance reports themselves contain a lot of data. This could mean that members will have limited time to consider the papers in detail and there is limited time to discuss the issues fully. Furthermore, the format of these reports can mean it is difficult to gauge what constitutes success or otherwise. This is also relevant to external bodies or members of the public who may want to read the reports but not attend the meeting.
32. The Council has recognised the need to utilise performance information to best effect and is currently revising the way it provides and presents such information to support decision making and scrutiny. This includes through:
- The **report cards**, which could be a valuable source of information to Cabinet members, Cabinet boards and scrutiny committees by providing an accessible overview of performance at the service level, with context and resource information.
  - The **corporate report card**, which will bring together information on the key corporate measures relating to finance, staffing and compliments and complaints with a RAG status and broken down by directorate. The corporate report card will provide an overview of how the authority is making progress towards meeting these corporate objectives.
  - The **performance hub**, which will bring the full range of information together and make it available online. In the future, the public will be able to access the same information, as the Council also plans to make it available to promote transparency. One valuable addition is the inclusion of measures and graphs that demonstrate progress towards the achievement of the improvement objectives. This is positive because it improves the provision of information against the improvement objectives, which was previously available to committees through an annual report and six-monthly update.
33. As part of the next phase of development, the Council should consider how best to streamline and coordinate the range of information to support decision making and scrutiny of performance most effectively. For example, the Council is currently considering how the quarterly performance reports fit with the new reporting methods. Depending on the frequency and breadth of report cards that are presented to scrutiny (and given the availability of other performance information) it may be that the quarterly performance reports are not needed at all scrutiny committees on a routine basis in the future. This may be particularly relevant if national indicators are incorporated into report cards.

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34. Furthermore, current arrangements do not yet provide an overarching view of performance. While the report card has increased the availability of information on service performance, there is a possible gap in information being presented at the directorate or portfolio level. This could ensure Cabinet members have oversight of performance across their area of responsibility and that there is director-level accountability. Similarly, there is not an overall picture of performance at the most strategic level, for Cabinet or Corporate Directors' Group. While the corporate report card covers key corporate measures, the Council could explore how this could be extended to cover wider performance information on priorities, such as the improvement objectives.
35. Finally, while the Council is making performance information more accessible to a wider audience through the performance hub, it should also consider how to best support anybody who chooses to read the information to identify what constitutes 'acceptable' performance. This could be through the inclusion of evaluative narrative information, benchmarking or targets, for example. This would be particularly relevant if, and when, the information is publicly accessible.

## Proposals for improvement

P1	Further refine the service business plans, in line with corporate guidance (see also <a href="#">paragraphs 20-21</a> ).
P2	Further refine the report cards, including strengthening the 'story behind the baseline' and the link between priorities and actions.
P3	Further develop performance reporting by coordinating and bringing together information to support scrutiny and strategic decision making.



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