Performance
management guide
for councillors

Throughout this workbook you will encounter different types of information, and suggested actions, indicated by the symbols shown below:

Guidance – this icon indicates guidance such as definitions, quotations and research.

Challenges – this icon indicates questions asking you to reflect on your role or approach.

Case studies – this icon indicates examples of approaches used in different settings.

Hints and tips – this icon indicates best practice advice.

Useful links – this icon indicates sources of additional information.

Foreword

This guide has been developed as part of the Local Government Association's Government-funded 'sector support offer' for 2021/2022 to provide ideas, tools and approaches which can help councillors deliver effective performance management in collaboration with local authority officers.

We know that this is a time of change for many local authorities as they recover and renew from the COVID-19 pandemic. Many local authorities are using this opportunity to rethink their strategies, partnership approaches and engagement with citizens. As this work is underway, it feels timely to ensure that councillors are equipped with the information they need to understand the extent to which the actions of their council are effective in making the type of progress which is important to citizens.

Alongside this guide for councillors, we have also prepared a similar guide for officers. You may find it useful to refer to this guide.

In developing both guides, we have undertaken a review of evidence concerning effective performance management in councils. We have also engaged directly with councillors and officers through a workshop and three focus groups. In addition, a smaller group of officers and councillors have read and provided comments on initial drafts. In total, around 30 people have given their time and expertise to help inform this guidance and we are immensely grateful for their input.

Thank you for reading this guide. We hope it inspires you to think about new ways to approach performance management. And, ultimately, we hope that brings real benefits for the people living in your local area.

We are interested in feedback and improvements, so please do email the team at transparency@local.gov.uk with your suggestions and ideas about additional resources which might be useful and ways in which this guide could be amended and improved to add greater value.

Councillor Peter Fleming OBE
Chair, LGA Improvement and Innovation Board

Contents

Thank you to Cordis Bright Ltd who worked with us to facilitate the workshops and to lead the authoring.

1. Performance management checklist

This summary pulls out the key themes in the main body of the councillor's guide to performance management. For each section, the checklist signposts to the areas of the guide that provide more in-depth information, examples, and guidance.

Why you should be interested in performance management (see Section 2):

A short, simple explanation of why performance management is important, from a councillor's perspective.

Your role in performance management (see Section 3):

A short explanation of your role as a councillor and what you need to do. This includes an outline of the differing roles and responsibilities of all councillors, the leader of the council, cabinet members, portfolio holders, committee members and scrutiny members.

The key questions you may want to ask yourself when involved in performance management:

Does the culture of this council encourage inquiry and openness when assessing performance, rather than defensiveness and blame? If not, how can I contribute to improve this? (See Section 4)

Are the indicators we are using to measure performance relevant to our local context and are they capturing the information we need? (See Section 5)

Do I need to ask officers to present performance data in a more accessible way, or include more narrative or context? (See Section 6)

Am I confident in understanding data or do I need to ask for some training, for example, in how to interpret data (See Section 6)

A glossary of key terms can be found in the Appendix.

2. Introduction to performance management

What is performance management?

For councils, performance management is about using data to inform action that will improve outcomes for people.

Performance management is not a new concept. It is, however, a critical way for local government to take responsibility for its own performance and for the public and national governments to hold local service providers to account, ensuring that they respond to local needs and that public money is being spent wisely.

> A performance management framework is not about adding yet another layer of bureaucracy, indicators, metrics, or targets on top of what is already required of managers; it's intended to build on the systems and processes already in place.
>
> Local authority officer

The umbrella term 'performance management' includes a range of processes, techniques, and methods to identify shared goals and various measurements of progress towards these. It is also closely related to the concept of governance and making sure arrangements are in place so that an authority's objectives can be achieved.

Poorly designed performance management can encourage defensive behaviour. It can lead to an obsession with being 'above average' on every measure, hitting targets regardless of unintended outcomes, and looking at numbers without understanding how they relate to outcomes and the lives of local citizens.

Importantly, good performance management focuses on progress and change. It can be easy to focus attention and resources on a relatively static process that defines and monitors key performance indicators (KPIs). But the real value of performance management lies in a dynamic process, which will equip leaders with the information they need to make decisions and encourage change.

The challenge is to generate a performance management approach that focuses on both proving what has happened already and improving what happens next.

Why is performance management important?

The importance of performance management has been set out in several government documents, such as the Local Government Act of 1999, which requires that services are: 'responsive to the needs of citizens, of high quality and cost-effective, and fair and accessible to all who need them'. There is also statutory guidance on 'best value duty' (2011 and 2015), where authorities are under a general duty of best value to: 'make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness'.

If you do not measure results, you cannot tell positive progress from problematic progress. Understanding this difference is key. Positive progress must be highlighted so that you can reward it and build on it: problematic progress must be highlighted so that you can correct and learn from it. Importantly, if you can demonstrate good results, you can win public support for bringing about change.

It can be helpful to think about the value of performance management at different levels within the council (see diagram). Performance management is often seen as a tool for strategic leadership. However, used well, each piece of performance management data can influence improvement and progress at a range of levels in a local authority.

Strategic
- provides regular information from across the council
- enables scrutiny and informed decision making
- provokes debate about what should happen next
- evidences progress against corporate priorities.

Operational
- informs planning, resourcing, quality management and service delivery
- informs workforce development and continuing professional development
- informs service improvement.

Front line
- encourages changed behaviours and approaches
- enables the experiences of the public to be conveyed directly to strategic leaders
- enables the public to understand how funds are being used and what improvements they should expect.

Ultimately, performance management helps councillors know whether or not things are improving for citizens. To ensure a council is achieving its core purpose, councillors must have insight into the following two fundamental issues:

- Have those aspects of people's lives which the council influences improved?
- Has there been an overall improvement in the quality of life for people in the area?

These questions must be considered alongside understandings of the costs of service delivery, assessing criteria such as value for money and use of resources within each council.

3. The role of councillors in managing performance

Understanding and defining roles

Councillors and officers have different roles to play in performance management.

Councillors largely focus on strategic elements, although they are likely to have an interest in operational matters - and their operational insights will be important in informing strategy. They will assign actions and indicators to the relevant service leads (officers) who then take responsibility for their execution.

Officers provide highly valuable information. Their input may offer clarification, provide additional evidence, question assumptions, establish the validity of key data, further explore ideas, and provide challenge.

While their roles are different, councillors and officers work together to lead and manage their councils to provide services that improve people's lives. It is therefore everyone's responsibility to aim to enhance the authority's performance.

In practice, the distinct roles and boundaries are sometimes blurred, so councillors and officers must understand how each role fits together. It is important to develop a shared understanding of managing performance across service areas and activity, so they can work in partnership to create an effective performance management process and culture.

Guidance
The table below outlines the main roles and responsibilities within councils. Not all roles apply to all councils. For example, authorities may have a mayor or leader operating with a cabinet or make decisions through a committee system. And a scrutiny committee is required for a Cabinet system but not for a committee system (although some councils with committee systems choose to have them).

Group	Role	Responsibility
Councillors		
Full council	Strategic role in setting vision and direction	• approves the overall priorities and budget for the council
Leader of the council / mayor	Strategic role in setting vision and direction of the council	• leads the work of the cabinet, its programmes, and priorities • has overall responsibility for the development, implementation, monitoring and review of the council's vision and corporate objectives
Cabinet members (under the cabinet system)	Each member of the cabinet has a specific area of responsibility (also known as a portfolio).	• shares the collective responsibility for decisions taken by the cabinet • each cabinet member works with councillors and officers to make sure that the overview and scrutiny process works correctly
Portfolio-holder (under the cabinet system)	Each member of the cabinet has responsibility for a particular portfolio / area of service. Under the committee system, the council may appoint 'lead members' to carry out similar duties, though they will have no formal powers.	• liaises closely with directors or heads of service responsible for activities within the portfolio • works closely with other members who will support the portfolio • presents reports to the cabinet, attendance at overview and scrutiny committees • usually holds the power to make certain decisions
Committee members (under the committee system)	Under the committee system, has responsibility for making decisions, and overseeing delivery and performance, within a given service/subject area.	• takes reports on matters (under the committee system) • contributes to developing policy on those matters • takes the final decision

Group	Role	Responsibility
Scrutiny member	Contributing to policy development, holding the executive / decision-makers to account, investigating issues of importance to the wider area and overseeing delivery.	• discusses information they have received and hears evidence from councillors, officers, experts, and members of the public • the scrutiny committee makes recommendations for improvement to the cabinet, to other committees, to the council – or to local partners
All councillors	Keeps a watching brief of the council's overall performance position, particularly areas of poorer performance and risk as well as areas of good practice and innovation	• Provides challenges on performance issues. • Uses the information received through surgeries and queries from members of the public when considering performance.
Officers		
Chief executive, strategic directors and directors	Leads the delivery of council services, following the direction of decision-making councillors. Ensures action is being taken to deal with areas of poorer performance and risk as well as developing areas of best practice and innovation.	• takes action to deal with areas of poorer performance or refers them to the corporate management team or the council as appropriate • makes decisions, where permitted to do so under the council's scheme of delegation
Corporate management team	Manages performance and sets out what the council wants to achieve Works closely with councillors to translate the strategic direction of the administration into reality – but with a responsibility to support and advise all councillors	• challenges areas to improve and identifies areas of risk • implements strategic decisions and shares good practice • sets the culture and practices of the authority's officers and leads on the development of the organisation's capabilities and capacity

Group	Role	Responsibility
Heads of service	Responsible for the leadership, management, and performance of key council services and working with councillors to ensure the delivery of the council's vision, approach and policies	• is accountable for their service's operational performance • develops colleagues and teams to ensure they deliver their objectives and contribute to the council's strategic objectives
Senior managers	Leads council services and takes the lead on continuous improvement, reporting performance to the public and corporately	• carries out self-evaluation of strengths, areas for improvement, outstanding risks and how these are being dealt with
Service / team managers	Reinforces the links between organisational and individual objectives and provides feedback that motivates employees, helping them to improve and holding them to account	• helps team members understand the organisation's performance management framework and how their role contributes to the achievement of council priorities
Frontline teams / staff	delivers services to service users holds first-hand knowledge of what is working and what isn't routinely feeds back this information	• holds knowledge of local communities and their specific needs • holds knowledge and skills to contribute to making services more valuable

Building strong working relationships

Workshop participants emphasised the importance of strong working relationships between officers and councillors as crucial to effective performance management. For portfolio-holders it is especially critical to develop good working relationships with directors and other key staff responsible for activities within their portfolio.

People should feel able and confident to work together to achieve their shared goal of improving services for their citizens.

> 'We have a good interface between officers and members… we have an informal (private) cabinet meeting, brief them… these can be very engaged, good discussions. There's much more useful dialogue now.'
>
> Workshop participant

This culture needs to be actively encouraged at all levels of the organisation. Conflict, distrust and poor information flow between councillors and officers are often indicative of problems in a local authority. A more formal approach to collaborative working, such as introducing workshops, may help facilitate these working relationships.

Case study: using workshops to develop a shared understanding

The Highland Council took a workshop-based approach to refocus on understanding improvement and outcomes. The council ran a series of workshops to ensure measures were understood by councillors, presenting trends in data, benchmarking, and agreeing on realistic stretch targets for the corporate plan. These workshops were run by service lead officers and enabled effective councillor/officer engagement. They helped develop a shared understanding of performance and the councillor's role in scrutiny and challenge. The result was an updated corporate plan which focused on improving the council's national benchmark positions and outcomes for citizens.

The development and presentation of data for the workshops also led to improvements in public performance reporting using trends, use of targets, benchmarking, and infographics. For example, The Highland Council's key performance indicators 2019/20 performance report is presented in a clear, colour-coded, accessible way.

Structured approaches

Councils have different approaches to performance management. These can include using, for example, annual internal audits and annual scrutiny plans, and may fall under transformation and improvement plans, self-assessment plans, council redesign and so on.

Performance management and effective use of data should be an integral part of how effective decisions are made, whether this is change management, service improvement or cost reduction.

Councillors and officers may be asked to provide feedback to the scrutiny committee on matters they wish to be considered for review. They may be asked to explain why they put forward topics and identify key questions they would like the review to consider. In the following cases, they will usually centre around:[1]

- **policy reviews**: when an issue is recognised because of changes to legislation or government guidance, or a policy is viewed as ineffective. This should be in line with corporate priorities
- **performance reviews**: when an issue is identified due to underperforming in a specific area
- **value for money reviews**: a focus on improving performance, reducing costs, improving customer satisfaction and achievement of corporate priorities and outcomes.

Case study: a process of scrutiny

In Cheshire West and Chester Council, performance is reported to cabinet four times a year within a joint performance and finance report. This is a joint report of the leader of the council (who has responsibility for council performance) and the lead member for finance. Prior to producing the report, performance is examined at directorate management teams and management board level. Lead members also meet with relevant directors to discuss highlights and challenges in their portfolio area.

At both mid-year and year-end, the report is also considered by scrutiny before cabinet. The report is presented by the leader of the council and lead member for finance, but all cabinet members attend scrutiny to answer questions regarding their portfolios. As well as supporting scrutiny of cabinet, the report also supports scrutiny in defining their own work programme and identifying areas that would benefit from a deep-dive review of performance.

Case study: using targets constructively

At High Peak Borough Council, members of the corporate select committee play an active role in challenging the targets proposed, through an annual performance framework sub-committee which examines each target in detail, in addition to the routine scrutiny process. This helps councillors to better understand the reasons behind the targets, the definition of metrics and any barriers to enhanced performance.

Ensuring effective scrutiny

Councillors are of course obliged to ensure proposals are effectively scrutinised. This requires challenge and can involve assertive approaches to requiring detailed explanations. In some cases, approaches to scrutiny can inadvertently generate a culture of blame or mistrust. This is a particular risk at times when political considerations are heightened.

Guidance: approaches to scrutiny

Guidance from the Department for Levelling Up, Housing and Communities (formerly the Ministry of Housing, Communities and Local Government) sets out approaches that should enable scrutiny to flourish. This guidance explains that this scrutiny should:

• provide constructive 'critical friend' challenge

• amplify the voices and concerns of the public

• be led by independent people who take responsibility for their role

• drive improvement in public services.

Useful links:

Audit Scotland (2012) guide offers a useful overview of a councillor's role in scrutinising performance. It also includes a useful list of additional resources specifically focused on scrutiny and helping councillors ask the right questions.

The Centre for Governance and Scrutiny provides research on governance and also provides comprehensive training and development programmes for councillors in local government.

The LGA provides a workbook designed as a learning aid for councillors, outlining the process of scrutiny in local government.

Leadership Essentials is a series of workshops run by the LGA and designed as themed learning opportunities for councillors. The programme includes a two-day workshop on effective scrutiny.

Scrutiny processes should be based on a collaborative and positive approach to challenge and improvement. This is not always easy to achieve, but it is essential to ensure that really good quality performance management is in place.

Council leaders, councillors and officers should be focusing on trying to generate this type of challenging and positive culture. Those who are struggling to promote this approach must be supported to understand and engage with it more effectively.

Informal approaches

Performance management literature and the workshops which informed this guidance emphasised the importance of strengthening the relationship between councillors and officers.

Government guidance suggests that conflict and distrust between councillors and officers can be an important indicator of problems within the authority.[2] Councillors who experience conflict or distrust when engaging with officers should therefore be persistent in exploring the issue further and encouraging a more open and effective working culture.

In particular, councillors should work with officers to champion an open-minded approach to inquiry and learning. This should encourage officers to share examples of successes and failures and ensure both are used to inform constructive learning.

'Appreciative inquiry' principles can be very useful to enable learning to emerge from these discussions. This is a way of looking at organisational change which focuses on identifying and doing more of what is already working, rather than looking for problems and trying to fix them.

Challenge: 'Appreciative inquiry' in performance management

Here are some questions which councillors may find useful to explore with officers to support effective performance management:

• Can you identify a recent action that went really well? What made it positive?

• What was your/our contribution to making it a positive experience?

• How did other people contribute to making it a positive experience?

• Were there other factors that helped?

• Can you identify two or three ways that the activity could have been even better?

• Thinking about other similar activities that you have been involved in, can you think of things that would help to ensure that this very positive experience could become more typical?

• If you had three wishes for how we might ensure this very positive experience could become more typical, what would they be?

Useful links:

NHS guidance on Appreciative Inquiry

4. Creating a constructive performance management culture

What gets measured gets done (and the problems this creates)

Performance management is often encouraged on the basis that what gets measured gets done. And there's certainly a value in this. The knowledge that activities are being measured and scrutinised is a key factor in ensuring progress.

However, this well-known phrase actually misquotes Peter Drucker's original statement, which provides a note of caution regarding a narrow focus on traditional targets:

> 'What gets measured gets managed – even when it's pointless to measure and manage it, and even it if harms the purpose of the organisation to do so.' [3]

When time and resources are limited, there can be a bias towards measuring performance in terms of easily quantifiable measures (often economy and efficiency), as these offer quick and cheap measurement methods. However, others that are harder to measure and evidence, such as equity, are often neglected and valuable elements of performance measurement are missed.[4]

It is therefore important to ensure performance management has a wide **focus on improvement**, rather than the narrow delivery of targets.

Guidance: Potential problems with targets[5]
Here are some examples of problems that can occur when performance measurement focuses too closely on target delivery:

Statistics can be manipulated: data can be presented in ways that mislead the true picture, so targets appear to be reached despite the reality being less positive. For example, police crime statistics both in the UK and the US have been criticised in the past for changes to the way crimes were recorded and labelled. The changes resulted in lower figures and suggested there had been a reduction in crime.[6]

Narrowing focus: targets can result in people concentrating on doing what achieves the target, rather than doing the right thing for the customer or citizen. For example, a council was concerned to ensure that local people awaiting accommodation were able to move into a home as soon as it became available.

They, therefore, created a measure designed to focus on increasing the speed of 'turnarounds' between tenants. However, this overlooked that the end of a tenancy provides an important (and rare) opportunity for the council to improve or maintain the home ready for future tenants. In many cases, the better outcome may have been to delay the new tenants for a few days, while important improvements took place. A measure that focused on speed of turnaround and the condition of the home for the new tenant may help to generate more effective outcomes.

Cherry-picking to prioritise easy wins: people may prioritise work that will help reach targets and avoid types that will negatively impact on targets. For example, in a housing repair service, tradespeople were set targets for how many jobs to get through in a day. If a job looked like it would take a long time and risk not achieving the daily target, they were known to silently put a 'sorry we missed you' card through the letterbox rather than delivering the required work.

Working to deadlines: For example, when applying for planning permission, a local council is required (by means of a government target) to meet within 8 weeks to decide an individual's application. One council found that the large majority of applications were decided in week 7 or week 8 – just before the deadline. With a little re-organisation, it might be possible to decide the applications much sooner. However, as long as the target is being met, the performance data is unlikely to highlight this potential for service improvement. In addition, this council was defaulting to refusing applications if they were marginal cases and the deadline was approaching, as they had left it too late to investigate these properly. This was worse for the applicant, who suffered delay, costs, and frustration, and for the council, which in turn incurred additional costs either defending planning appeals or processing a second planning application.

Demotivation of skilled staff: targets can reduce the ability of staff to use their professional judgment. The intention of setting a target is of course to align the priorities of staff with those of policy makers. However, it can be demotivating for well-trained and skilled staff to feel unable to use their own judgment about how best to achieve good work.

Attitudes and approaches which encourage improvement

Effective performance management requires a culture where there is a desire and commitment to have an evidence-based improvement approach. Staff must have permission to test their ideas with the freedom to fail and learn.

All those working in the organisation can play a role in creating this culture and prioritising performance improvement. However, as with all organisational cultures, leaders (in this case councillors) play a key role in setting the tone and enabling the type of open-minded curiosity which enables effective performance management to thrive.

Often, performance management can be designed in a way that unintentionally encourages defensive behaviour and apathy. For example, self-assessment is an essential element for improvement and is of high value to councils and staff. However, if performance reviews are set up in a way that feels like an interrogation, those participating will be more likely to prepare a defence than to begin a discussion about options for improvement.

The below sections summarise some key approaches that can enable a performance improvement culture.

Trust, openness, and space to admit errors

A focus on performance improvement requires the ability to make mistakes, acknowledge these, and learn from them. Performance improvement requires fostering trust and openness within the working culture of the organisation. People must be encouraged to give and receive feedback openly, to make and learn from mistakes, and to trust that they will not be blamed for 'poor' performance.

> 'There needs to be a culture of mistakes being allowed. For example, business people in the US have failures and bankruptcies and you hear about them. Mistakes are useful to know, and people need not be afraid of sharing them.'
>
> Workshop participant

It is very difficult for officers to lead this culture themselves without the support of councillors. This culture of inquiry and improvement must therefore come from the senior level. Councillors must take a proactive approach to drive this and look for opportunities to lead by example to create this culture.

Case study: Basildon Council's culture of openness

Basildon council's policy decisions are taken through the established committee system. The chief executive then identifies how and when these decisions will be delivered, and the resource needed to do so; and structures the council accordingly. The council's strategic leadership team (SLT) drives the importance of performance management from the top, ensures that the organisation is clear about its aims and that priorities within the corporate plan are delivered.

Basildon Council noted that, over the last two years, their performance management culture has changed and developed significantly. Starting with the outcomes-based accountability approach, it was important for managers and teams to be part of the process of change rather than having this imposed upon them. A number of workshops were held by the programme and performance team who worked closely with directors, managers and teams to change the way the organisation looks at performance, particularly exceptions (areas of particularly good or poor performance).

The council is starting to create a transparent reporting system, where services are more assured of sharing areas of underperformance. This is supported by a 'no blame' culture, and support is made available in order to prevent problems or provide intervention from other resources, as needed.

The council's new performance management framework aims to embed a culture where performance management is led and owned by appropriate officers across the organisation, including being held accountable for any challenges that arise directly. Having a 'no blame' culture across all levels of the organisation has been important and this started at senior leadership level.

Councils also need to be open about sharing areas of underperformance with residents, rather than attempting to 'bury bad news'. This can be challenging in a political context, with the presence of opposition parties and local media. In these situations, it can be helpful to 'get ahead of the story', by discussing with officers the narrative that needs to accompany the publication of any data showing underperformance. For example, explaining the context, lessons that have been learnt and the next steps that have been planned to rectify the situation.

Useful links:
The LGA runs a Leadership Essentials course on communication and dealing with the media.

A culture of curiosity and inquiry

Effective performance management also requires a culture of inquiry and curiosity at all levels of the organisation, where the goal is constant improvement and progress. This is different from more traditional approaches where (for example) a target is aimed for and seen as 'complete' when the target is met (see Section 4). Or where problems and failures are sought out so that blame and responsibility can be apportioned.

Case study: Challenging and reviewing targets

When designing their revised performance management framework, lead members, directors and service leads at Cheshire West and Chester Council worked with officers to propose four years of targets and measures covering the life of the council plan. These proposals were reviewed and challenged by the scrutiny task group, particularly considering whether proposed targets achieved the appropriate balance between ambition and realism.

The council also established an annual review. In this, officers work with portfolio holders to review the measures and targets in light of policy developments, national and regional benchmarks, recent performance, and the wider context. All the proposed changes are then considered by scrutiny as part of the year-end performance reporting, with scrutiny recommendations, proposals and the year-end performance report then going to the cabinet for a decision.

Similarly, Rochdale Borough Council measures performance corporately through a leadership team dashboard and through directorate business plan updates. The dashboard contains a series of quarterly and annual KPIs. At the start of each year, directors and performance leads in each service review the indicators, ensuring they are appropriate and relevant, and link these to the council's corporate plan outcomes. The indicators are then updated and monitored by the council's leadership team quarterly. The Data Innovation and Intelligence Manager (who manages this process) has developed vital linkages with colleagues across the organisation and circulates a timetable at the beginning of the year, which helps ensure participation.

Directorate plan updates are used as part of the scrutiny requirement for councillors to review the council's business plan on a quarterly basis. Business plans are created by directorates, ensuring linkages to corporate plan outcomes. Designated staff are required to provide a narrative and percentage completion update for those actions in the plan that they are responsible for. Reports are then submitted to the relevant committees, allowing key stakeholders to explore with officers the progress of the service and any apparent issues with performance.

This culture also requires openness to innovation and new ideas. This means embracing technological developments, such as the use of new data, and being open to learning from success. This success may come from within the council itself, other local authorities, or indeed from outside the sector.

Assessing performance improvement culture

There are no clear quantitative measures to assess the effectiveness of a council's culture.[7] Rules and procedures alone cannot achieve good governance, and shared values should be integrated into the culture of an organisation and then reflected in behaviour and policy.

However, assessing the council against the following standards will help to ensure that an improvement culture is prioritised and provide insight about the issues which may prevent progress towards this aspiration.

Guidance: Standards for creating a performance management culture[8]

Leadership: leadership which encourages learning and an infrastructurewhich enables learning (for example, sufficient time, resources, experience).

Staff involvement and commitment: a real commitment from staff is needed in order to create a culture throughout all levels of the organisation.

Transparency: a culture where staff are actively encouraged to flag risks or concerns can help prevent failure and create a context of welcome reflection when failure does occur.

Willingness to learn from poor performance: similarly, a willingness to reflect upon and learn from previous poor performance is required to focus on improvement in the future

Communication and language: good internal communication of performance management, for instance, promoting good practice and communicating successes.

Support and advice; it goes without saying that staff should be able to access support and advice when they need it, to create a positive culture of learning and growth.

Reinforcement: Demonstrating the benefits of performance management to staff and celebrating successes is effective in raising the credibility of performance measurement.

5. Creating the right process

Developing a performance management approach

In almost all cases, a performance management approach will already exist in your council, and there is a strong case for building improvement from existing approaches.

Guidance: Reviewing performance management approaches[9]
The following is a non-exhaustive list of key characteristics which can be a useful checklist for testing and improving performance management approaches:

Specific, Measurable, Achievable, Relevant, Time-bound (SMART)[10] and / or Focused, Appropriate, Balanced, Robust, Integrated, Cost-effective (FABRIC)[11] goals.

A description of what success looks like, outlining how to measure effectiveness for each goal.

Using comprehensive intelligence and analysis to inform improvement actions.

Regular communication of the direction of the performance management strategy and what strategic goals individuals are expected to achieve at various levels of the organisation. This should include clear information on the actions of managers and staff at the directorate, service, team, and individual level.

Regular feedback to employees explaining how they, their group and the organisation as a whole are performing against the expected goals.

Strong leadership at all levels focusing employees' attention on strategic priorities and motivating them to take actions that are consistent with the organisation's strategic goals.

Ongoing evaluation and review to examine whether the intended strategy is being implemented as planned and whether expected results are being achieved.

Gathering service user or resident feedback of their experiences of the service.

A flexible framework that can be restructured to reflect changes and improved knowledge over time.

Benchmarking the organisation's performance against different organisations, departments, teams, and individuals.

Establishing performance indicators

As part of establishing an overall performance management strategy, councils must identify and agree on performance management measures. This section describes some key aspects to consider when designing these.

Measures must be relevant and connected to the local system

The performance management framework must link to the council's vision, strategy, and action plans.

"Our KPIs were measurable, but they bore no resemblance to our corporate plan. How can we judge whether we are doing well in this area if the measures don't match up?"

Workshop participant

Local authorities operate within complex systems. In designing a performance management approach, councils must bear in mind that they are one organisation amongst a complex interconnected web of people, interests, and organisations. Performance aims and measures should therefore be located in the local context, considering factors such as statutory requirements, local priorities, and available resources. They should fit within the broader aims of the council and contribute to the wider context.

Case study: Aligning targets with broader national and global goals

North Kesteven District Council created a community strategy focusing on the next 10 years, which involved re-aligning and formalising all their work through to 2030 with the United Nations Sustainable Development Goals. As part of this process, they created a Performance Framework utilising a suite of datasets to measure performance. The datasets linked back to the council's STEEPLED (social, technological, economic, environmental, political, legislative, ethical, demographics) process, which includes an ongoing assessment of the district (including comparisons) being made against these eight elements.

Measures that focus on effectiveness

There can be a bias towards measuring performance in terms of easily quantifiable measures (often economy and efficiency), as these offer quick and cheap measurement methods. However, others that are harder to measure and evidence, such as equity, are often neglected and valuable elements of performance measurement.[12]

Measures must allow for nuance and continual improvement

It is important to allow for nuance in performance management, especially during times of crisis. This is not always allowed by traditional methods of performance management such as RAG (red-amber-green) ratings (see next section).

For example, various aspects of council performance are likely to have looked very different in March 2020 in comparison with the previous year, as the country responded to the first lockdown.

There is some indication that people are moving toward direction of travel and incremental improvement against agreed goals rather than relying on RAG ratings alone. This is likely to generate the type of 'continual' improvement which will enable really effective changes to be generated within a local area.

RAG ratings (Red, Amber, Green)

RAG ratings are frequently used in performance management. Many participants in the workshops stated that leaders feel reassured by RAG ratings, as they are easy to present and engage with, and allow issues to be highlighted swiftly. However, RAG ratings should be used with caution, as they can also hide the nuances of performance and in some cases, hinder progress:

One workshop participant described an example of a council where several indicators were "green" in their RAG rating and therefore not subject to detailed scrutiny. A benchmarking and peer review exercise highlighted that, in fact, this council was performing poorly in comparison to its peers against these measures. This new knowledge enabled constructive dialogue within the council, challenging themselves to improve even those measures which were being rated as green.

Ensuring the citizen's perspective is included

Councillors should ensure that the data they review includes direct feedback from the citizen which describes two things: (i) their experience of the service (for example, were they treated well? would they recommend to friends and family?) and (ii) the difference which has been made to their lives as a result. While numerical data provides a snapshot of trends in outcomes, stories and experiences are also essential to contextualise quantitative data and aid understanding of what works and why.

Guidance: using data that already exists to capture citizen perspective

Complaints and compliments data

Comment / suggestion boxes

Questionnaires / surveys

Existing forums (eg tenants associations, neighbourhood forums)

Monitoring social media to examine the extent of satisfaction or dissatisfaction

Data held in case files

Workshop participants highlighted methods that are proving particularly helpful when trying to capture and distil the experience of citizens:

- **Benchmarking resident satisfaction data**. This LGA initiative provides a high quality ready to use question set for councils that are running resident surveys. It also allows councils to benchmark their results against national and regional comparison figures. This is valuable because (a) used effectively, benchmarking is a useful way to raise standards and encourage progress (b) annual repetition of measures enables councils to see whether there is a positive or negative trend in opinion.

- **Complaints, compliments, and correspondence from citizens**. Workshop participants highlighted the value of proactively seeking out this type of feedback and routinely analysing the themes that arise. This information can be succinctly presented to councillors in a narrative form to supplement KPI metrics and provide rich insight into the issues which are of most importance to citizens.

- **Tools to monitor citizen interactions digitally**. This may include Customer Relationship Management (CRM) software, Google Analytics, social media analytics and GIS (geographic information system - a data mapping system, which can help councils understand geographic patterns within the data).

Useful link: Guidance from the Welsh Government on engaging with citizens

Social services departments in Wales are now legally required to engage with citizens to understand their experiences and outcomes in more detail. Welsh Government have recently published two pieces of guidance that inform this approach.[13] This guidance encourages authorities to step beyond the type of activities outlined above and engage more deeply with citizens to uncover their stories and ensure that this rich qualitative data supplements the KPI metrics which have more traditionally informed performance management approaches.

Guidance: data sharing

Many of these data sources raise questions concerning consent and data sharing. In co-opting these datasets to inform a performance management approach, it will be essential to ensure that the council's Caldicott Guardian is consulted (for health and social care data), and the relevant consent and data protection protocols are closely followed.

6. Using and interpreting the data

Key questions

Data should form the basis for discussion and debate to ensure:

1. public funds are being used wisely
2. key duties are being discharged in accordance with legal requirements
3. areas of learning and improvement are highlighted and acted upon.

To enable this process, councillors should review the data with a number of key questions in mind. A number of lines of enquiry may be used to challenge and review data. The most important questions are shown in the guidance below.

Guidance: lines of enquiry when reviewing performance data

The most important questions are likely to fall within the following headings:

Are legal duties being effectively discharged?

Are public funds being spent wisely? What are the financial implications?

Are there implications concerning (a) safeguarding (b) equality, diversity and inclusion (c) environmental, social and governance issues?

Overall, is this a positive or problematic development?

How does this contribute to our overall council plan and strategic objectives?

Is there a clear analysis of trends, targets and benchmarking where required?

How does this look and feel from the perspective of our citizens?

How does look and feel from the perspective of our partners?

What are the ethical implications?

What are the short-term implications?

What longer-term legacy will this have?

What might the officer response be?

Now that we know this, what should we do next to make change happen?

Providing context alongside data

Those engaged in the workshops which informed this guidance were keen to highlight the criticality of enhancing KPI data with context and insight:

> 'There is a lack of delving into the data and asking the right questions. The information is there, but the commentary doesn't provide analysis.'
>
> Workshop participant

In many cases, councillors will be able to draw on their own insight and have a clear understanding of the context. However, it is unlikely that any one councillor will have the full context and insight for all the topics they are expected to oversee. Working in partnership with officers to improve context and insight surrounding the data being reviewed will ensure performance management works more effectively.

Case study: More narrative and illustrative examples in member reports

Based on member feedback, High Peak Borough Council and Staffordshire Moorlands District Council have recently moved towards a different reporting style for their public-facing member reports, including more narration, mini case studies, project updates and less statistical analysis and action planning. This new style also features the use of infographics to celebrate success and has been well received by members. The councils continue to incorporate feedback to ensure that elected councillors have the information they require in a format suited to their needs.

Taking action

Depending on the responses to these questions, councillors may wish to take a number of different actions, which are likely to include:

- Raising formal questions in meetings.
- Working collaboratively with officers before and after formal meetings to ensure the councillors have clarity about the context and insight about each of the issues being discussed.
- Exploring options for presenting the data in different ways and/or focusing on a different measure which may enable a more meaningful understanding of progress.
- Exploring options for examining the issue over a different timeframe (ie a shorter timeframe for issues that are fast-moving and/or a longer timeframe for longer-term or strategic issues which are unlikely to witness marked changes on a monthly or quarterly basis).

Asking for support

Two-thirds of councils say that members struggle to understand performance management information.[14]

This is not surprising. People who take on the role of councillor come from varying backgrounds and may have vastly different experiences and skills. Some may require more support with areas of performance management and measurement such as interpreting data, understanding statistics, or other numeracy skills.

We encourage councillors and officers to consider what training or support would be valuable to enable a fuller engagement with performance management. This training should be viewed as an entirely legitimate part of being an effective councillor.

An assessment and analysis of the training and development needs of councillors should take place regularly, especially where a councillor takes on a new responsibility.

Challenge: Are there any areas relating to performance management where you might benefit from further training or support?

Some areas that councillors noted might be of particular importance to them were:

- **Training to ask the right questions**. Councillors must be equipped to provide effective scrutiny and understand performance information so that they can interrogate it.

- **Data and IT literacy skills**. This was a commonly cited area for councillors, who may not have received any previous training on this vital area before taking on the role.

- **Understanding activities, outputs, impacts and outcomes**. This will enable better engagement with the processes and a bigger picture approach to performance management.

Hints and tips: Asking for training internally

Training is often coordinated internally in councils via intranet pages, conversations with colleagues, and addressing issues on a case-by-case basis. For example, training may be provided on the use of tools such as Pentana, to explain the system, expectations and good practice. This flexible approach can be very effective, and we encourage councillors to speak up and request support whenever they need it.

Talking to people and sharing learning

There is huge value in talking to people in other authorities or other organisations (not necessarily in the public sector). We encourage a proactive approach to arranging conversations and calls with people when you hear of good practice, and developing relationships within your own council and further afield. This is one of the most effective ways to share innovation and good practice.

Useful links

LG Inform is a free online data tool from the LGA which brings together a range of key performance data for authorities, alongside contextual and financial information, in an online tool that allows your authority area to be compared with others. The tool allows users to access, compare and analyse data, and for local authorities to present their findings online or offline.

Alongside this, LG Inform manages a '**benchmarking club**' that is free to all councils. This allows local authorities the ability to submit their data and then compare it with others who have also submitted data.

LG Inform Plus allows you to look within your own authority area and provides information for each ward and smaller areas of geography (rather than comparing your authority area with other authorities, as for LG Inform). Being able to compare between wards allows you to target areas for resources or performance improvements.

LGA Peer Challenge provides information about the LGA's peer challenge approach and the opportunities it can bring for councils which engage.

7. Appendix

Definitions of key terms used in this guidance

Key performance Indicators (KPIs)

The critical indicators of progress towards an intended result.[15] Often refers to a suite of numerical indicators which are regularly presented to Boards and Strategic Leaders as a means of providing updates and insight on the performance of the organisation.

Overview and scrutiny committee

Overview and scrutiny committees were established by the Local Government Act 2000. They were intended as a counterweight to the new executive structures created by that Act (elected mayors or leaders and cabinets). Their role was to develop and review policy and make recommendations to the council[16].

Triangulation

The collection of data using several research methods. This builds confidence in the findings and robustness of the evaluation[17]

Qualitative data

Qualitative data collection methods provide an in-depth understanding of behaviours, perceptions, and underlying reasons for social happenings. While quantitative methods are usually used to measure the 'what', qualitative methods are most often used to explore the 'how' and 'why'. Common qualitative data collection methods include in-depth interviews, focus groups, case studies, observation, and ethnography.[18]

Quantitative data

Quantitative research explains phenomena according to numerical data, analysed through mathematically based methods, especially statistics.[19]

Endnotes

1   For example, Perth and Kinross Council, 2014

2   Ministry of Housing, Communities, and Local Government, 2020

3   Drucker, P (1954) The Practice of Management

4   Jeanrenaud and Martin, 2007

5   Adapted from the blogpost Rethinking Service (available here) and Institute for Government (2021), 'Using targets to improve public services', available at: www.instituteforgovernment.org.uk/publications/targets-public-services

6   For example: BBC News, 2013. 'Crime statistics are manipulated, says police chief'. www.bbc.co.uk/news/uk-25022680; Brookings, 2020. 'There's truth in numbers in policing – until there isn't'. www.brookings.edu/blog/how-we-rise/2020/06/26/theres-truth-in-numbers-in-policing-until-there-isnt

7   Ministry of Housing, Communities, and Local Government, 2020

8   This list is drawn from Improvement and Development Agency and Audit Commission (2012)

9   This list is drawn from Kennerley and Mason, 2008

10 Audit Scotland (2012)

11 HM Treasury, Cabinet Office, National Audit Office, Audit Commission, Office for National Statistics (2001)

12 Jeanrenaud and Martin, 2007).

13 Understanding experiences and outcomes of the Social Services Performance and Improvement Framework | GOV.WALES and Performance and Improvement Framework for Social Services : using evidence to inform improvement | GOV. WALES

14 Audit Commission, 2009

15 www.kpi.org (last accessed October 2021)

16 Sandford, M Overview and scrutiny in local government (June 2019) House of Commons Library Briefing Paper Number 06520 27 June 2019

17 HM Treasury (2020) Magenta Book: Central Government Guidance on evaluation. p62. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/879438/HMT_Magenta_Book.pdf p.54

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19 Yilmaz, K., (2013) Comparison of Quantitative and Qualitative Research Traditions: epistemological, theoretical, and methodological differences, European Journal of Education, 48 (2), p.311.

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