	RESOURCES & PERFORMANCE MANAGEMENT SCRUTINY & PERFORMANCE PANEL	Agenda Item
	4 November 2004	6

PERFORMANCE MANAGEMENT TARGET SETTING ARRANGEMENTS

Ward(s)   All

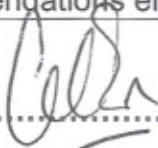**Cabinet portfolio**: Councillor J G O'Hare – deputy leader

Summary of report:
This report explains the current traffic light system and outlines how the performance management service intends to further develop the system in line with best practice.

Reason for scrutiny:
On 23.09.04 the panel requested a report to this meeting on the traffic light system and how it can be used to drive service improvement. The panel may wish to consider other options, explore ways in which members could participate in the monitoring process, and if appropriate make recommendations either to officers or to cabinet.

Signed: ....

Executive Director: **Carole Evans**

Date: **20 October 2004**

Resource and legal considerations:
The investment in the IT system being developed will have an initial cost (which will be met from within existing budgets) and will bring considerable benefits in terms of efficiency of staff input to performance management activity in future and deliver more accurate reporting to both members and auditors.

Citizen impact:
Performance of all services the council provide impact on all residents of Walsall and have a major part to ply in our achievement of excellent by 2008.

Consultation:
All directorates have been involved in the development of this system through their Performance Indicator Group (PIG) representatives, and via 121 meetings with the IT consultant.

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1.1 Walsall's Beacon index is reported quarterly to cabinet and EMT. This is the third year in which key indicators have been reported to provide a corporate overview of performance. Lead officers for each PI currently make a judgement in setting appropriate performance targets taking into account the prevailing environment, resources available, the current quartile, the best in class and other factors; attempting to balance the setting of a realistic target with sufficient "stretch" to achieve performance improvement. These officers are also responsible for assessing and reporting on actual achievement against these targets each quarter.

1.2 Forward targets are set for indicators for more than one year, and reviewed at the same time as year end data is finalised. This is then published in the council's performance plan. There is a rigorous process in place which is intended to ensure that both the outturn and forward targets are accurate and robust. This requires the active involvement of relevant heads of service, assistant directors and executive directors. This signing off process requires them to confirm that;:

- The forward targets represent reasonable improvement/challenge compared to previous year's results and these are reflected in the current service plan.
- Evidence is available to show how targets have been calculated.

1.3 When the quarterly performance reports are produced, each lead officer is required to show whether current performance is on track to reach its stated target. This is shown by the traffic light system which is included in the report, as follows:

> **Green** – Performance on track against the stated target
>
> **Amber**- If performance may not reach the stated target, and therefore requires close monitoring and if necessary corrective action may be required.
>
> **Red** - If performance is not on track to reach the stated target, and immediate corrective action is required.

For any performance indicator where the target is red i.e. the target is not likely to be met, it is vital that appropriate corrective action is taken by the lead officer so that performance is put back on track.

1.4 This system currently relies on lead officers having regard to and understanding a range of factors such as seasonal trends and other reasons why performance in some quarters may be different to others, e.g. missed bin collections in winter. This allows them to make a judgement on whether any quarterly variance will mean the target is not met. This should be taken into consideration when determining the appropriate traffic light.

1.5 There are currently a number of approaches to managing performance indicators in the authority. These range from the use of simple excel spreadsheets to more purpose developed systems. There is currently no corporate system in place to allow a uniform approach, although a system is in the process of being procured.

1.6 Other authorities within the midlands and beyond have purchased off the shelf computer packages that contribute to a corporate approach. These include Birmingham and Sandwell. Walsall is currently in the process of procuring such a system. This is on schedule to be completed early in 2005, then trialled before roll out across the Council in April 2005.

1.7 The new system will allow better profiling of quarterly targets and also allow tolerance levels to be established for each quarterly target thereby allowing the system to generate a more accurate traffic light based on a comparison between current performance and stated target. Also in future, all traffic lights will have R (red), A(amber), or G (green) in the centre of each coloured traffic light to allow easier recognition for the visually impaired or for black and white printing. Another alternative used elsewhere is the use of coloured smiley faces:

1.8 The Council is also currently working in partnership with KMPG on a range of key performance target issues:

- Reviewing and challenging work on the basket of key indicators;
- Raising awareness and the principals of target setting;
- Embedding the use of targets to manage and improve service delivery.

This work began in September, and will help members, and senior officers, in corporate performance management and services to both set and monitor performance more accurately. This work will include drilling down into performance data and give clearer accountability for all PI'S.

1.9 Resources & performance management scrutiny working group are looking into the proposed IT system to ensure that it covers Walsall's needs. The working group will be presenting their views to this panel at a future meeting.

2. **SUMMARY**

2.1 Walsall is proactively seeking the installation of an IT system to improve the monitoring and reporting of performance, which will not only bring us into line with family authorities but will be bespoke to accommodate issues specific to our needs in Walsall.