



Fermanagh & Omagh
District Council
Comhairle Ceantair
Fhear Manach agus na hÓmaí

Guide to Performance Management

A decorative graphic in shades of purple. It features a large, light purple arrow pointing upwards and to the right, overlaid on a bar chart with several vertical bars of varying heights. To the right of the bar chart, there are several smaller, light purple arrows pointing upwards. The background consists of overlapping, curved shapes in different shades of purple, creating a sense of depth and movement.

2017 Onwards

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1. Background and Context

Fermanagh and Omagh District Council's Corporate Plan Update 2017-19 sets out the Council's priorities for the period to 2019. Alongside the Community Plan for the district, 'Fermanagh and Omagh 2030', it provides the strategic policy direction for progressing the work of the Council. Together, both plans, will help inform how each Directorate and service area will deliver its functions and services and how we, as staff, will undertake our roles and responsibilities. Key to all of this is being able to determine, as a Council, how effective we are at delivering on these two key strategies.

In keeping with the Local Government Act (NI) 2014, which is the overarching legislation outlining the roles and responsibilities of the new Councils, a new approach to managing performance has been implemented by Council. This process will help the Council to detail its ambitions and expectations for corporate performance and how it proposes to continuously improve on performance year on year.

Statutory guidance defines improvement as:

'...more than just quantifiable gains in service output or efficiency, or the internal effectiveness of an organisation. Improvement for councils should mean activity that enhances the sustainable quality of life and environment for ratepayers and communities'.

The legislation states that the Council "must have regard in particular to the need to improve the exercise of its functions in terms of:-

- Strategic effectiveness
- Service quality
- Service availability
- Fairness
- Sustainability
- Efficiency, and
- Innovation".

For each financial year, the Council is required to set itself 'improvement objectives' relating to the delivery of its functions and services. Each improvement objective must demonstrate improvement in terms of at least one of the areas on the above list.

An effective performance management process will ensure that the Community Plan and Corporate Plan outcomes, actions and identified improvements, including the Council's annual Improvement Objectives, where relevant, will be reflected in Service Delivery and Improvement Plans and for each of us, as staff, through our Individual Performance Appraisals. For groups of staff with generic roles it may be appropriate to develop a Team Performance Appraisal, however, there should be opportunities to tailor these to take account of any individual requirements, where appropriate.

This guide sets out how the Performance Management process will be implemented by Fermanagh and Omagh District Council. It will be updated periodically to take account of any new requirements.

2. Introduction

What is Performance Management?

Performance management refers to the processes and behaviours which apply to everyone within the Council to maintain high standards and to enable local people to access high quality, cost effective services. Our performance management process helps to provide assurance that we are delivering on our statutory duty to achieve continuous improvement and on our Council Vision, ie:

Our Vision

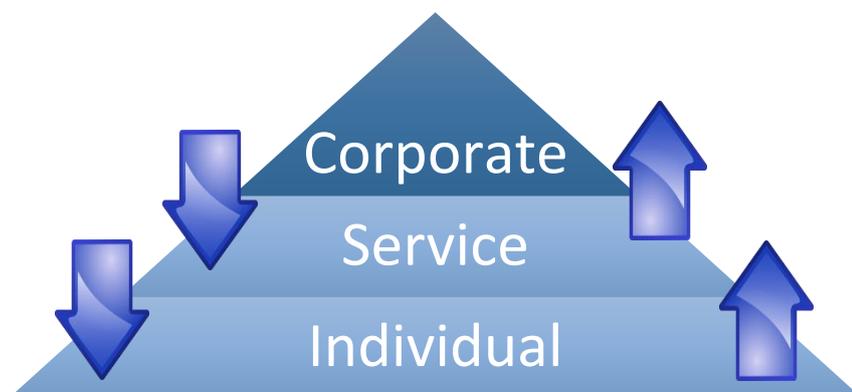
Our Vision is of a welcoming, shared and inclusive Fermanagh and Omagh district, where people and places are healthy, safe, connected and prosperous, and where our outstanding natural and built heritage is cherished and sustainably managed

An effective Performance Management approach will achieve a shared understanding about **what is to be achieved** and an approach to leading and developing people which will **ensure that it is achieved**.

Managing and improving performance is not something that should be seen as additional to the day job. It is everyone's responsibility, forming part of everyday effective management and working practice in every area of the Council and includes:

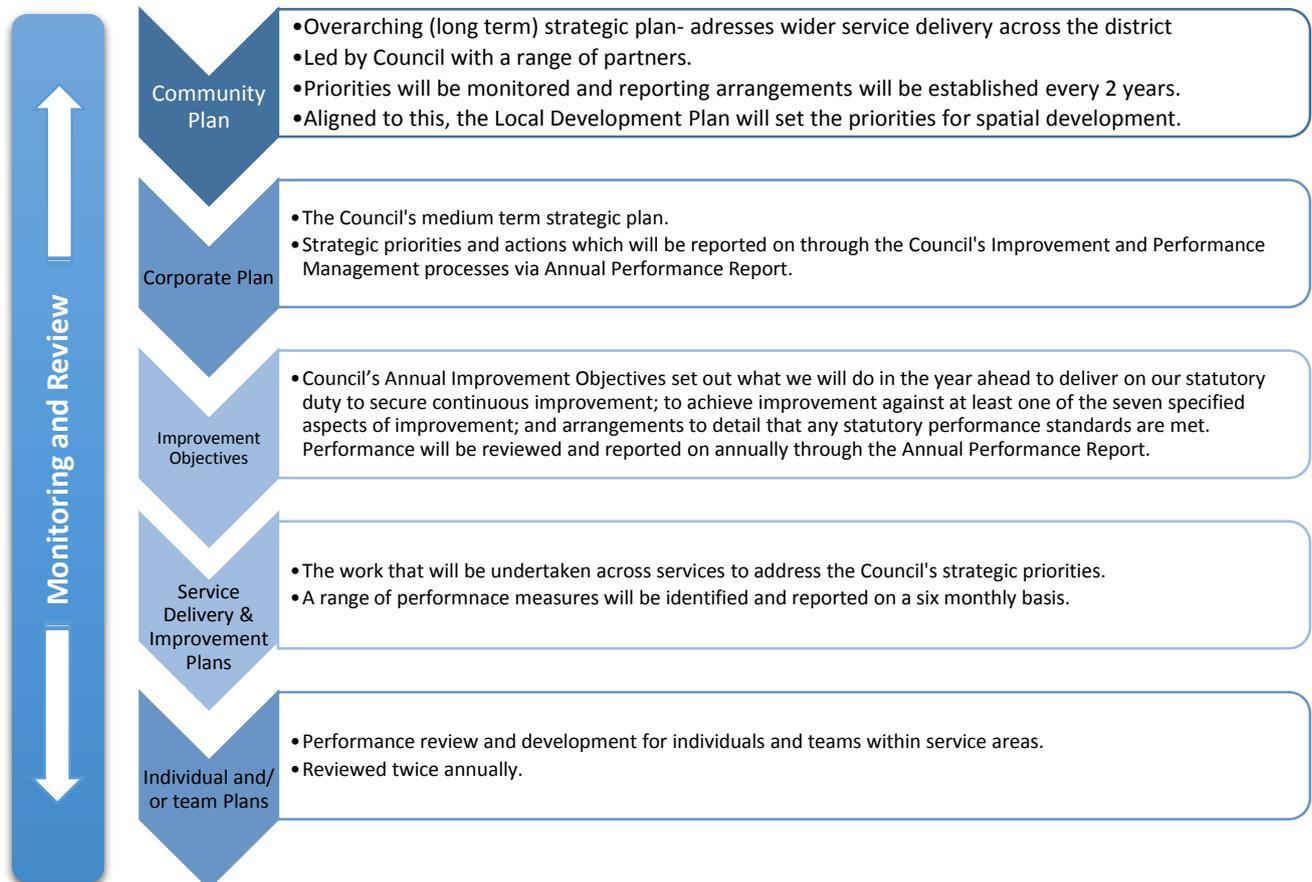
- Setting informed goals
- Communicating these goals
- Making sure these are progressed
- Monitoring and reporting on progress and achievements
- Managing underperformance

... Conducting all of these at corporate, service and individual levels.



3. Our Planning Framework

Our Planning framework incorporates the long, medium and short term plans of the Council as set out in the diagram below demonstrating how our plans link together.

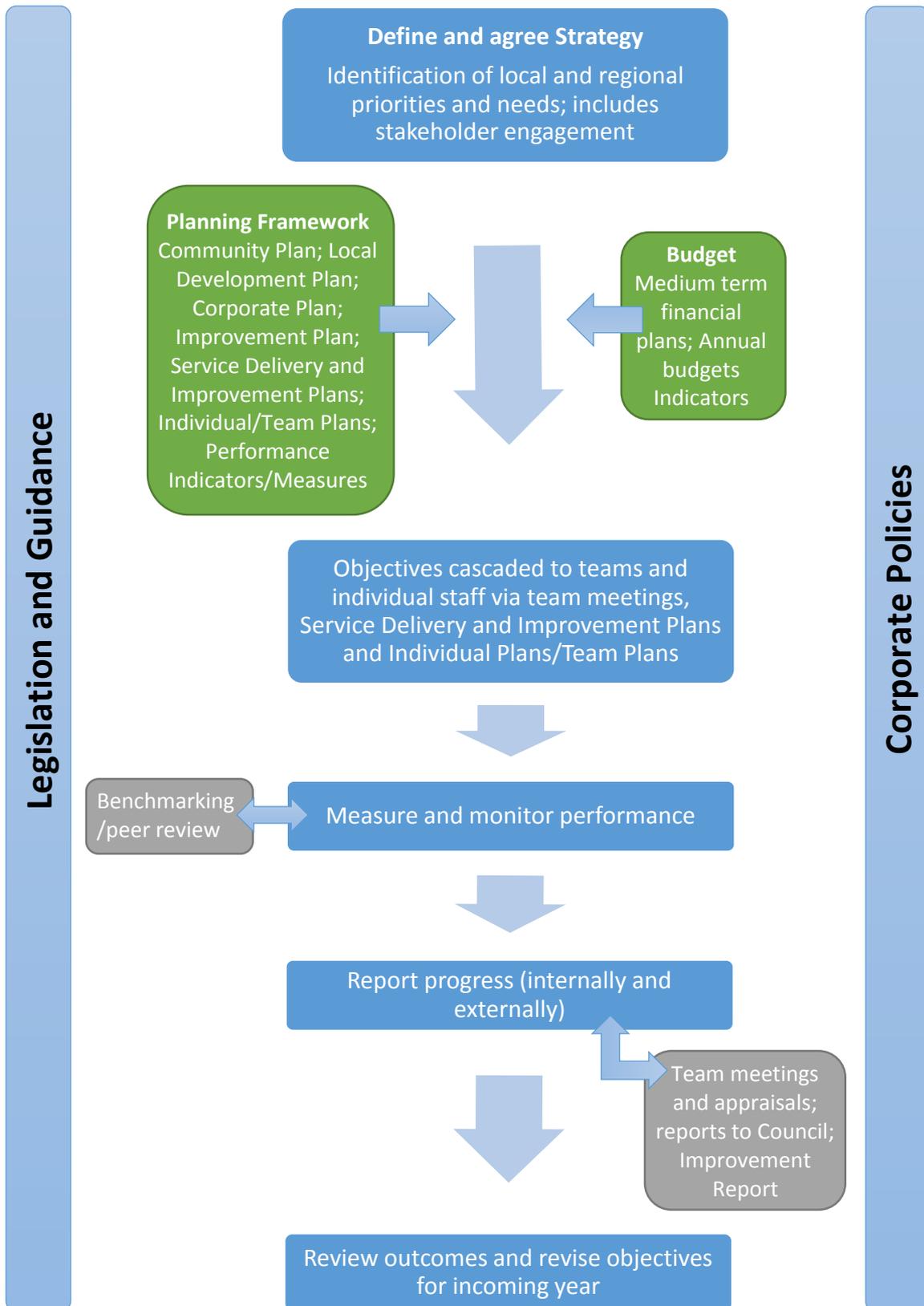


The linkage of our respective plans at strategic, operational and individual levels is a two way process, with priorities and objectives flowing down through the organisation from a district-wide (overarching strategic Community Plan) and corporate (strategic) level to the Service Delivery and Improvement (operational) Plans (SDIP) and to Individual (staff) Plans, and back.

The SDIP sets out the objectives of specific services which will support the achievement of the community planning and corporate priorities. The service objectives are further cascaded to (individual) staff level via Individual Performance Appraisals which identify how each staff member will contribute to the overall strategic objectives of the Council (how each staff member fits into the bigger picture). In turn, the process feeds back up through the organisation via Individual Performance Appraisal reviews. This feedback process ensures a traceable link between objectives and actions through the different planning levels.

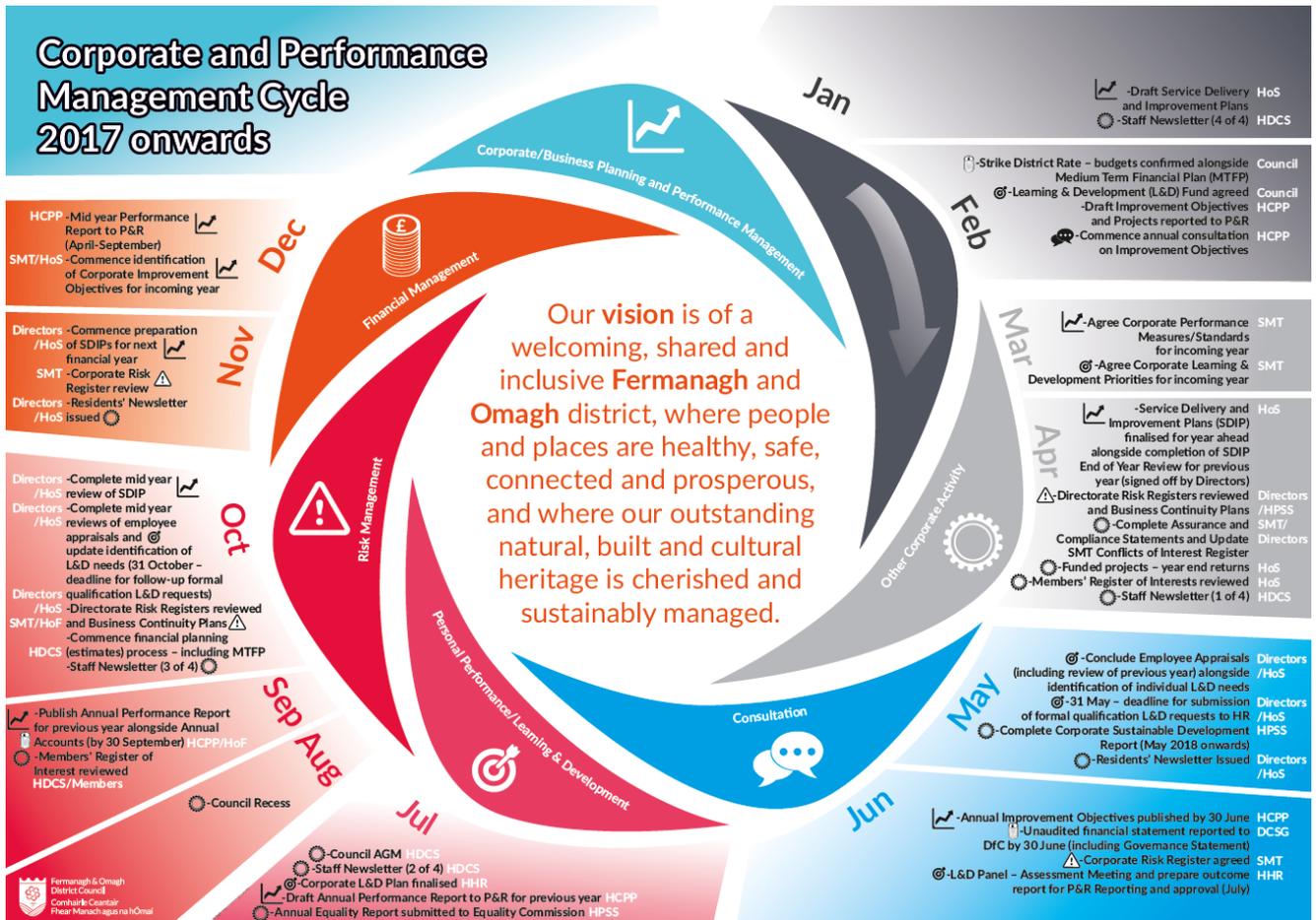
Each stage of the process has its own monitoring and review arrangements which are detailed later in this Guide.

The diagram below illustrates the various processes which combine to form Fermanagh and Omagh District Council's performance system:



4. Annual Performance Cycle

All of these activities need to be managed and delivered within an annual cycle. The diagram below sets out Fermanagh and Omagh District Council's agreed Performance Cycle, clearly identifying the key activities, target dates and responsible officers/reporting arrangements. (Note this document has been designed to be viewed in large format, as such it will be provided in a separate pdf file)



It is essential that the timeframe identified in the cycle is adhered to in order to ensure a meaningful and effective performance approach. Progress within Directorates/Services against the cycle should be reviewed at monthly Team meetings.

5. Corporate Performance Management

5.1 Community Plan 'Fermanagh and Omagh 2030' (long-term plan – published 29/03/17)

Community Planning is a new statutory duty which requires the Council to 'initiate, maintain, facilitate and participate in community planning for the district. Community Planning involves integrating all the various streams of public life that deliver services and functions in the area and producing a Plan that will set out the future long-term direction of the Council area. The Council and its Community Planning Partners, which include statutory bodies, agencies and the wider community, including the community, voluntary and business sectors, have developed a 'shared vision' and eight agreed 'outcomes' aimed at promoting the well-being of the district and improving the quality of life of the citizens of the district. These are set out in the first Community Plan for the area, 'Fermanagh and Omagh 2030'. Short, medium and long term actions to support achievement of the outcomes will be set out in an Action Plan to be published by April 2018.

The Community Plan is the overarching strategy for the new Fermanagh and Omagh District Council area and sets the strategic direction for all of our plans and strategies. The linkage of the Council's strategic plans, as set out in section 3, is essential to ensuring that there is alignment and complementarity when addressing need across the district.

The Community Plan is an integral element of the Council's Performance Management Framework. It must be reviewed before the fourth anniversary on which it was published and every four years thereafter. The Council and its Community Planning Partners must also put in place arrangements for monitoring progress and publish a statement every two years which outlines the progress made against the identified outcomes and performance indicators.

5.2 Corporate Plan

Following the introduction of the Community Plan, the Council has undertaken an in-depth review of its original Corporate Plan 2015-19 and it has now been replaced by the Corporate Plan Update 2017-19 which ensures alignment with the Community Plan.

The purpose of the Council's Corporate Plan is threefold, ie, it demonstrates for the period 2017-19:

- (i) the contribution which the Council will make towards delivery of the Community Plan for the district;
- (ii) how the Council will fulfil its statutory and other responsibilities;
- (iii) the Council's improvement objectives.

The Corporate Plan Update 2017-19 clearly identifies the commitments and actions to be delivered by the Council itself towards achievement of the longer term Community Plan. It will be reviewed annually and an Annual Report setting out progress achieved in the previous financial year will be published in September each year.

5.3 Improvement Objectives

The Council has a statutory duty to identify, consult upon and publish Improvement Objectives on an annual basis, although the objectives themselves can be in place for more than one year.

Each year the Council will publish an Improvement Plan which will set out what we will do in the year ahead to deliver on our statutory duty to secure continuous improvement; how we aim to achieve improvement against at least one of the seven specified aspects of improvement; and arrangements to detail that any statutory performance standards are met. The Plan will identify improvement objectives for each year which will deliver visible improvements for our citizens and which are aligned to our strategic priorities.

In the 2017-18 year, the Improvement Plan will be published as an appendix to our Corporate Plan Update 2017-19. A Performance Report will be published in September each year setting out our self assessment of progress in respect of the general duty to improve and delivery of our Improvement Objectives for the previous financial year.

5.4 Service Delivery and Improvement Plans (SDIPs)

Service Delivery and Improvement Plans (SDIPs) are the annual statement of objectives for each service. They identify the links to the Community Plan and the Corporate Plan, setting out the objectives for the coming year including target dates for achievement and any relevant performance measures. SDIPs will also reflect the service's role in delivering on the Council's identified Improvement Objectives in the year ahead.

The SDIP must be produced in consultation with staff and take account of stakeholder needs. **It is essential that staff are involved in the development of the SDIP** as they will be delivering on it and it will inform their Individual Performance Appraisals.

5.5 Linkage to Financial Planning and Risk Management

The effective delivery of the Community Plan, Corporate Plan and SDIPs is intrinsically linked to the financial planning of resources and the risk management process.

Financial implications from the Community, Corporate and Departmental Service Delivery and Improvement Plans are fed into the Financial Estimates on an annual basis to ensure that the appropriate resources are available to achieve the objectives. The Risk Management process ensures that objectives are met by eliminating, as far as possible, potential risks associated with objectives or actions set relating to people, property or continued operations. The Council's Risk Management Policy highlights the approach and process of the Council so as to better manage risk.

The Corporate Risk Register is compiled by the Senior Management Team, at regular intervals following the review of the Directorate Risk Registers and considering any risk escalation requests. The Corporate Risk Register only contains those risks which are deemed to have a significant impact on the achievement of the Council's corporate objectives. Each risk is measured in terms of its impact and likelihood of happening. Consideration is given to the implications each risk would have on the

Council if it materialised. How each risk is managed and what additional actions are required are identified and assigned to a SMT member. This is reviewed every six months and updated.

Each Director is required to prepare a Directorate Risk Register, in conjunction with the Directorate Risk Management Group, which is aligned to the Directorate's objectives and, where appropriate, the corporate risks are cascaded down with more detailed actions relevant to the Directorate or service area. It is imperative that the Risk Register reflects the objectives contained in the Service Delivery and Improvement Plan so that operational objectives are achieved. New objectives set should be reflected in the risk management process so that the Council/Directorate can change and evolve to achieve its objectives.

5.6 Monitoring and Review

It is essential that planning and reporting activities are tied into a regular annual cycle as set out at section 3 of this guidance document. Monitoring of achievement against objectives and actions are indicated using the traffic light system – Green =Complete; Amber=work in progress; Red= behind schedule, not yet commenced or obsolete.

Review of Community Plan

Statutory guidance stipulates that a review will be completed every 4 years, following publication of the Community Plan, with performance reports every 2 years.

Review of Corporate Plan

Progress towards the Corporate Plan is reviewed on a six monthly basis. The Corporate Plan Performance Report is initially scrutinised by Senior Management and presented for consideration to the Policy and Resources Committee for the periods April – September and October – March. An Annual Report is published in September each year.

Review of Improvement Objectives

The Improvement Objectives will be reviewed annually with the production of a Performance Report, relating to the previous financial year, from September 2017. Ongoing monitoring of improvement projects will progress throughout each year. Performance of the improvement duty is also subject to annual audit by the Northern Ireland Audit Office and are reported quarterly to SMT and to the Policy and Resources committee.

Review of SDIP

A six monthly review of departmental Service Delivery and Improvement Plans is undertaken by each Director/Head of Service which informs the Corporate Plan review. Service Delivery and Improvement Plans should be an agenda item for Directorate/service team meetings, which should aim to be held on a monthly basis.

Review of Risk Register

Alongside the 6 monthly review of Service Delivery and Improvement Plans, Directors/Heads of Service must also review the Directorate Risk Register. Where applicable the associated risks must be cross referenced to the appropriate departmental objectives and actions.

Review of Individual Plans (Performance Appraisal)

Individual performance also requires 6 monthly review to ensure Service Delivery and Improvement Plan objectives are progressing in line with individual and team efforts. (See Section 6 – Employee Performance Management)

Key Performance Measures

Performance towards delivery of the Community Plan is measured through a range of population level performance indicators, some of which relate directly to Council services. The Council measures performance against a number of corporate and service level key performance measures, as well as a suite of agreed APSE (Association of Public Sector Excellence) measures.

Other service level performance measures are used to gauge performance within each service delivery area. The SDIP must include any relevant APSE Performance Measures within its key set of performance measures, aligned to objectives, and be monitored and reviewed accordingly.

Governance Arrangements

The diagram below sets out the Council’s Governance arrangements in respect of Corporate Performance Management and Improvement including monitoring and reviewing of progress of the Council’s commitments towards the Community Plan for the area. There are separate governance arrangements in place for the wider management of the Community Plan across all partners.



Audit Panel

One of the roles of the Council’s Audit Panel is to provide independent assurance and scrutiny of the Council’s non-financial performance and its arrangements to secure continuous improvement. It meets on a quarterly basis and considers the Council’s Improvement Plans and reports alongside progress reports to Council. Furthermore, it monitors the activity of the Policy and Resources Committee in relation to scrutiny of the performance improvement function.

6. Employee Performance Management

The Employee Performance Appraisal process provides an opportunity for staff to sit down with their manager at least twice a year to:

- Review and assess performance against the previously agreed objectives
- Consider the effectiveness of any training/development undertaken
- Ensure full clarity of the Job Role
- Agree Objectives for the incoming year
- Review Health & Safety/Health & Wellbeing
- Consider any future learning and development required to achieve the agreed objectives.

This will happen on **two occasions per year**:

- The first meeting will be held at the **beginning of April** so that the manager and staff member can review progress against objectives for the previous year, discuss the service areas agreed Service Delivery and Improvement Plan (SDIP) for the current year and agree on personal objectives for the individual.
- There will be a follow-up discussion in **September / October** each year to review in-year progress against these objectives.

NB: It is mandatory that the line manager and employee ensure that the twice yearly meetings are scheduled and take place in a timely manner and that information is recorded in an effective manner using the form provided.

The performance appraisal form must be completed and signed by both employee and line manager. Copies should be retained by the employee and the line manager. HR staff will request confirmation that the appraisal and review appraisal have been undertaken and will carry out random inspections of documentation on a six monthly basis.

Before the Meeting:

Prior to the discussion managers and staff should remind themselves of key information including the Council Values (aligned to Community Planning Shared Values and Principles).

This information, together with the relevant, up-to-date Service Delivery and Improvement Plan for your service, will guide the identification of individual objectives for each member of staff.

At the outset of the discussion, managers should ensure that the member of staff is aware of this information and that they recognise that the Council Values should shape how we go about our jobs and deliver our services.

- Staff should be given adequate notice of the meeting date and **both manager and staff should prepare in advance**
- Dates for the review meeting should be booked and agreed at the first meeting.

- Adequate time should be set aside to complete the discussion
- The venue should be free from interruptions and in a private area
- Staff should be provided with a copy of the agreed Service Delivery and Improvement Plan for the incoming year

During the Meeting:

Sections 1 & 2 - Performance for Last Year and Job Role (for 2016/2017, where applicable)

These sections will provide an overview of how the staff member has performed against the overall individual objectives agreed for the previous year. It will require both the manager and staff member to refer to the objectives identified in the previous year's Performance Appraisal form and to ensure that the staff member is clear about their role and what is expected of them as part of that role. It is also recognised that, over time, jobs and duties can change and evolve and this section provides an opportunity to discuss any changes.

Managers will wish to identify in particular if performance over the past year has been good/acceptable, if there have been any significant or notable achievements, or if there is a need for improvement. This assessment will need to be discussed with the member of staff.

In terms of performance over the past year, managers should also give consideration to the Council Values (aligned to Community Planning Shared Values and Principles) and how the staff member has demonstrated these through a range of competencies and behaviours (as appropriate to the individual's role), i.e.:

- Setting direction
- Leadership
- Managing performance
- Managing our own work
- Developing our own capacity
- Communicating with impact
- Collaborating in a political environment
- Influencing outcomes
- Meeting customer needs
- Respect for diversity
- Problem solving and decision making
- Managing change
- Achieving results
- Continuously improving services.

(Competency Framework for Local Government.

<http://www.lqsc.org.uk/fs/doc/Competency%20Framework%20for%20Local%20Government.pdf>).

Section 3 – Setting Objectives for the Year Ahead

The Manager should jointly agree with the staff member what their key individual objectives are for the year ahead, i.e., the key tasks that they need to deliver to fulfill their job role and to support the service in delivering on the objectives set out in the Service Delivery and Improvement Plan for that year. To ensure that these linkages are clear, the corresponding plan reference should be identified

against each individual objective Any corporate generic objectives, eg, in relation to absence management, should also be picked up at an individual level.

Individual objectives should also be **SMART**, ie: Specific, Measurable, Achievable, Realistic, Timely

Examples of SMART individual objectives are provided below:

Individual or team objectives and associated actions	Related Community Plan/Corporate Plan Outcome	Target date for achievement	Progress at six monthly review	Outcome after 12 months <input type="checkbox"/> NOT MET <input type="checkbox"/> PARTLY MET <input type="checkbox"/> FULLY MET
To ensure that my absenteeism level is maintained/reduced (use previous year as baseline measure)		E.g. Monthly Review or by 31.3.2018	Objective exceeded – 0% absenteeism rate	Objective Met / exceeded – 0% absenteeism rate
To ensure that a high quality administrative service is provided to support council committees, including the preparation and distribution of 100% of agendas and papers to comply with the statutory notice.		By Date each month	Objective met in full	Objective met in full

Section 4 – Health & Safety/Health & Wellbeing

In completing this section, the following information should be discussed as appropriate:

- Accident rate for Directorate/service and, if appropriate, the accident rate for the individual employee and measures to deliver an improvement
- Discuss whether employee has attended all mandatory training, including any health and safety training (HR will be able to provide this information)
- For information, mandatory training includes the following (list not exhaustive):
 - Health and Safety training, including First Aid
 - Updates on Council policies
 - Corporate Staff Briefing
 - Code of Conduct training
 - Equality training
 - New council systems

- Discuss absence management in terms of the target set by the council and the employee's absence rate – if appropriate refer to the Council's absence management procedures and the requirement to undertake an Absence Review Meeting at a later stage
- Discuss health and wellbeing generally with a view to ensuring that the employee is aware of the support policies in place– further information available from HR if required
- Ensure employee is aware of any health promotion initiatives – again, further information is available from HR if required.

Section 5 – Learning and Development

This section is sub-divided into 2 sections, as follows:

- Review of any learning and development identified but not undertaken in the past year, where appropriate
- Identification of learning and development needs for the incoming year

In considering learning and development opportunities it should be remembered that skills and knowledge are developed via a wide range of approaches, including:

- New responsibilities
- Project work
- Work shadowing
- On the job training
- Internal training courses
- External training courses
- Conferences/seminars
- Coaching or mentoring
- Working closely with another team
- Secondment
- General feedback and guidance
- Networking

Day release and Financial Assistance

There is also a requirement for line managers to establish if there are any learning and development needs arising which will require financial support or day release. If it is determined that a member of staff requires training of this nature, they will be asked to complete the day release / financial assistance form in conjunction with their line manager / Head of Service. The learning and development policy should also be consulted during this process.

Closing date for applications is 5:00pm on the 31 May (round 1) and 5:00pm on 31 October.

7. Ongoing Monitoring and Feedback

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Corporate Plan Update 2017-19: 'In Brief'



GUIDANCE FOR LOCAL GOVERNMENT PERFORMANCE IMPROVEMENT 2016 ONWARDS

1. It is important to note that this guidance is intended to assist councils with their duty in relation to Performance Improvement as detailed in Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act).

2. The guidance aims to clarify the duties placed on councils by Part 12 of the Act and sets out actions a council should take in order to meet its duties under performance improvement.

Performance Improvement under the Local Government Act 2014

3. Part 12 of the Act details the framework to support continuous improvement in the delivery of council services, in the context of strategic objectives and issues that are important to those who receive the services. Councils are required to gather information to assess improvements in their services and to issue a report annually on their performance against indicators which they have either set themselves or that have been set by departments.

4. The Local Government (2014 Act) (Commencement No. 4) Order (Northern Ireland) 2015 (the Commencement Order) brings into operation on different dates the provisions of Part 12 of the Act, which relate specifically to the performance improvement and management framework for councils. A schedule of the provisions brought (or to be brought) into operation and the dates on which this occurred (or is due to occur) is appended to this guidance (Annex A).

The general duty of Improvement

5. Under section 84 of the Act, councils are under a general duty to make arrangements to secure continuous improvement in the exercise of their functions.

What is Improvement?

6. 'Improvement' in the context of the Act means more than just quantifiable gains in service output or efficiency, or the internal effectiveness of an organisation. Improvement for councils should mean activity that enhances the sustainable quality of life and environment for ratepayers and communities.

7. Firstly, the duty involves '**making arrangements**' to improve: there is no absolute duty to improve, nor could there be. Delivering high-quality services and addressing multiple community needs is a complex and often difficult business, and no organisation, however competent or well-intentioned, can guarantee that its efforts will be successful. Councils should put in place arrangements which allow them to understand effectively local needs and priorities, and to make best use of their resources and capacity to meet them and to evaluate the impact of their actions.

8. Secondly, the duty refers to '**continuous improvement**'. As the exact local meaning of 'improvement' will vary between councils and over time, this does not mean that everything needs to carry on improving in measurable terms. **Rather, councils should seek continuously to ensure that their improvement objectives remain relevant, that the best arrangements for delivering them are in place, and that they are able to understand and demonstrate the impact on the outcomes for citizens.**

Improvement objectives

9. Section 85 requires a council, **for each financial year**, to set itself improvement objectives for improving the exercise of its functions and to have in place arrangements to achieve those objectives.

10. A council must frame each improvement objective so as to bring about improvement in at least one of the specified aspects of improvement as defined in section 86 of the Act: strategic effectiveness service quality service availability fairness sustainability efficiency innovation. 1. The first of these, strategic effectiveness, is key to **linking** the community plan, and the ongoing processes that underpin

it, with a council's improvement processes. The Department would expect that a council's strategic community planning outcomes and objectives should be central to that council's improvement activity and clearly contribute to the strategic effectiveness aspect.

12. While a council's community plan will form the basis for its strategic objectives in relation to strategic effectiveness (section 86(2)), there are another 6 headings under which a council can set improvement objectives.

13. The next three, specifically service quality, availability and fairness, all relate to service provision by aiming to meet the needs of citizens and ensuring fair ease of access to the most suitable services that meet their needs. Clearly, all of these objectives can be demonstrated individually or collectively. Fairness can also be demonstrated by exercising non-service functions in ways which reduce disadvantage and improve social well-being, for instance by improving citizens' access to information or by addressing inequalities experienced by Section 75 groups.

14. When carrying out its functions or providing services, a council may demonstrate improvement when it operates in a way that contributes towards the sustainability of its area, as required under the Northern Ireland (Miscellaneous Provisions) Act 2006 and the associated Northern Ireland Executive Sustainable Development Strategy. Equally, on-going efficiency may also be shown if fewer resources are utilised while maintaining provision of substantially similar or better services. Should a council choose to alter the manner by which a service is provided and in so doing it uses fewer resources or more integrated services, it will not only be demonstrating efficiency, but may demonstrate improved sustainability as well.

15. The innovation aspect is slightly different. It covers any changes to service design

and delivery methods that are intended to yield improvement under any other aspect, and are reasonably likely to do so. This allows councils to make changes which may not have tangible effects within the same reporting year, but are likely to in subsequent years, and still count them as improvements.

16. Thus, it follows that for a council to successfully discharge its general improvement duty, it should incorporate the seven aspects of improvement into its decision-making processes and its assessments of functions and services. This would also extend to a council's governance or scrutiny functions.

Identifying Improvement objectives

17. There is a clear link between the community planning process and a council's performance improvement regime. Community planning focuses on achieving better outcomes for citizens through the collaborative working of organisations to improve service delivery and the economic, social and environmental wellbeing of citizens. A successful community plan will consist of a long term vision for the area, underpinned by a set of outcomes identified for key themes, with clear accountability and interim performance measures. The community planning process should achieve better integration of public sector services and investment resulting in performance improvements for organisations involved.

18. Each council is required to prepare an improvement plan containing improvement objectives, which may include those aspects of the strategic objectives for 10 to 15 years ahead set out in the community plan that are within the remit of the council, or, if no community plan has yet been developed, its existing corporate and business plans. In order to measure performance improvement against its strategic objectives, the council can consider setting annual objectives within its improvement plans.

19. Councils should determine their own priorities for improvement based on a thorough, evidence-based understanding of the communities they serve, local needs and their capacity to address those needs. Improvement objectives should correspond directly with the council's priorities for improvement. Councils will, therefore, select their improvement objectives on the basis of critical

self-analysis, taking account of a wide range of evidence such as:

- the outcomes and priorities identified for an area in the community plan and, as up-dated, through the ongoing community planning process for an area;
- the councils' corporate and service priorities;
- the outcome of councils' assessment exercises of both corporate functions and services provided using the most appropriate performance data and information from other sources, such as citizen and user needs and satisfaction information and wider knowledge of community needs;
- regulatory, inspection and audit reports, including those relating to councils' equality requirements and councils' audit of inequalities;
- the results of peer reviews and the outcomes of, and recommendations from, councils' governance or scrutiny processes;
- priorities identified through analysis of performance data on previous year's performance and in comparison with other organisations;
- evidence gained from consulting on improvement objectives in the previous year; and
- Programme for Government priorities as expressed by the NI Executive.

20.Improvement objectives that have been chosen as a result of the above processes should have credibility with citizens, stakeholders and councils' staff. This should translate into a better sense of ownership of the ambitions for the communities and the area.

Setting council improvement objectives

21.Completing the above processes will allow councils to draw up their improvement objectives for consultation. These can be in any form a council chooses, but all improvement objectives should be:

- legitimate: making a demonstrable contribution to at least one (or, probably, more than one) of the aspects of improvement listed in the Act;
- clear: setting out the visible improvement that citizens can expect;
- robust: with defined terms of success (whether quantitative or qualitative);
- deliverable: with established links to individual service programmes and budgets; and
- demonstrable: capable of being supported by objective (but not necessarily measured or quantitative) evidence.

22.The first of these points is worth further consideration. The improvement aspects listed in section 86 of the Act set out in broad terms what councils will most likely wish to achieve. Many, if not most, objectives will contribute to more than one aspect of improvement. For instance: an action to improve access to services might simultaneously address the 'fairness' and 'service availability' aspects; or reducing a council's carbon footprint might simultaneously address 'sustainability' and 'efficiency'.

23.The number of improvement objectives a council wishes to set is a matter for each council to decide. This is largely a question of an appropriate level of detail. Objectives that are too broad and aspirational may lack the ability to inform effective action and accountability (e.g. "we will support healthier communities"). Objectives that are too narrow or operational in nature may lack an overall sense of purpose (e.g. "we will refurbish our leisure centres"). Objectives should ideally both describe the overall purpose and the scope of action to deliver it (e.g. "we will provide more and better opportunities for citizens to engage in physical activity").

24.Each council must agree its improvement objectives formally. The processes for doing so will be set out in each council's governance arrangements and standing orders but the importance of improvement objectives would normally dictate endorsement by the full council. (See also the section on "Role of governance and scrutiny" at paragraphs 34 and 35).

25.Councils should have regard to the general definition of improvement (see paragraph 6, above) when considering objectives. **Councils must ensure that the objectives set relate to improving functions and services to their communities and citizens.** Council improvement needs to be more than simply setting corporate

improvement objectives. Internal improvement activity can obviously contribute to the achievement of higher level objectives but these should not be the only improvement objectives of the council.

26. Overall, it is probably better in the interests of clarity and accountability to err on the side of having fewer objectives, with detailed links to service programmes, than to have a greater number of more detailed objectives. Either way, if the objectives taken together adequately address the main local priorities and needs, the exact number of them is less important.

27. The Act requires that councils set improvement objectives every year. However, that does not mean that all improvement objectives should change every year, or that they should all be deliverable within one year. Councils can set objectives which span more than one year, perhaps with intermediate milestones, provided that these are reviewed annually to ensure their continued relevance.

Performance Indicators and Standards

28. The statutory performance indicators and standards, specified by the Department through the Local Government (Performance Indicators and Standards) Order (Northern Ireland) 2015, should form part of a council's improvement objectives and be included in the subsequent improvement plan as provided by section 92 of the Act.

Consulting on Improvement

29. Section 87 of the Act requires a council to consult with ratepayers, service users and anyone who appears to have an interest in the district when deciding how to discharge its duty under section 84 and 85 of the Act. As section 85 of the Act specifies that a council must set itself objectives for each financial year and must make arrangements to secure achievement of those objectives, it follows that consultation must also take place on a yearly basis. There is no statutory duty to consult on an improvement plan, however as the plan includes the improvement objectives this would be a valid approach for the duty to consult under section 87.

30. Consultation on the general duty to improve and a council's improvement objectives can be done at any time during **each** year. It will, however, make sense to align it with established or planned community engagement processes and events. The council should aim to make the process of choosing improvement objectives as open and transparent as possible. The council should also ensure that this process is in keeping with its constitution, standing orders and/or its Equality Scheme. In so doing, a council should aim to develop an on-going dialogue with communities and areas that it serves, so that the setting of improvement objectives is a jointly owned process centred on a balanced assessment of the needs of the community as a whole, rather than any particular organisation or interest group within it.

31. It is recommended that a council should consult the following before setting its improvement objectives:

- citizens and stakeholders;
- local businesses and, where appropriate, potential businesses;
- its statutory and other community planning partners; and
- other bodies with which collaborative working is taking place or is being planned.

32. A council should retain evidence of the consultation process used or broader engagement activity to enable it to demonstrate those improvement objectives, and the plans for meeting them, have been properly set. This might include, but is not necessarily limited to:

- methods used to consult;
- the consultation document;
- list of consultees;
- summary of the responses received; and
- the impact that any responses had on the final selected improvement objectives.

33. In the interests of good governance, scrutiny and accountability, this evidence should be retained in an easily accessible form.

Role of governance and scrutiny

34. Whether a council decides to operate a committee system or executive arrangements, there is a clear role for a council's governance or scrutiny function (e.g. governance/audit committee or a scrutiny committee) in its improvement processes as part of its role in holding local decision makers and policy makers to account and in its policy development role. This should extend to:

- processes that a council has gone through in the discharge of the general duty to improve;
- fitness of the council to discharge the general duty to improve;
- processes that the council has gone through in the selection of its improvement objectives, including a review of the level of engagement with stakeholders;
- monitoring of the progress of the delivery of the council's improvement objectives; and
- promoting innovation by challenging the status quo and encouraging different ways of thinking and options for delivery.

35. If a council's governance or scrutiny processes are sufficiently developed to discharge the above, and there is clear evidence that this is the case, then this monitoring activity can be drawn upon by the Local Government Auditor (the Auditor) in the course of his/her dealings with the council. It will be for the Auditor to decide whether monitoring processes are sufficiently robust to be relied upon in the exercise of his/her audit functions.

Recording and reporting progress

36. Section 90 of the Act requires a council, during each financial year, to collect information which will allow it to assess its performance in achieving its improvement objectives and to measure its performance against performance indicators or standards set by the Department or any other indicators or standards which the council chooses to use.

37. Councils will need to collect evidence of their progress in achieving their improvement objectives during the year. For those indicators or standards set by the councils, the councils themselves should determine what constitutes the best evidence of the progress that they are seeking to make. That is best done by setting improvement objectives. Evidence of progress will need to meet the requirements of the Auditor. Evidence may include one or more of the following:

- performance indicators, both those set by the councils and by departments;
- qualitative information such as citizen satisfaction surveys conducted by the council or by other bodies;
- progress in introducing or completing programmes, facilities or ways of working which contribute to the attainment of improvement objectives;
- the outcome of governance or scrutiny enquiries and other evidence from members; and
- any other sources of evidence, (including councils' annual governance, value for money and sustainability statements etc., that appear to be relevant.

38. Most sound improvement objectives will probably need a range of evidence to demonstrate their accomplishment. Councils should avoid using performance indicators, targets and standards as objectives in themselves. In almost all cases they will be too narrow and too far removed from public understanding and need. Consequently, they should be seen as only one of the tools to help demonstrate improvement.

39. In collecting evidence, such as outlined above, a council should seek to collect together a body of evidence that will allow it to provide a narrative description of how successful it has been in pursuing its improvement objectives so that it can give account for its performance to its citizens, stakeholders and the Auditor.

40. This improvement evidence should be collated and communicated in a report or reports to be published before 30 September of the following financial year (section 92 of the Act).

Improvement planning and information – use and publication

41. Section 91 of the Act requires a council to use this information to assess its performance against: • a previous year's performance; and

• **from 2017 onwards** compare its performance, **so far as is practicable**, with the performance of other councils in the exercise of the same or similar functions.

42. A council must use the information it collects to assess whether it can improve its performance and, based on that, must decide on steps to take to improve its performance in exercising its functions.

43. Section 92 of the Act places a requirement on a council to make arrangements to publish the comparison and assessment information relating to its performance before 30 September immediately following the financial year to which it relates.

44. For **2016-17**, a council must use information collected under section 90 in relation to its statutory performance indicators and standards completed during 2015-16 to establish baseline figures for 2017-18 and subsequent years. This information should be published by the Council by 30 September 2016. This baseline information will be audited in 2016-17. No comparison or assessment is expected for 2016-17.

45. A council is also required to publish an 'improvement plan' which sets out its plans for discharging its duties under Sections 84(1), 85(2) and 89(5) for a financial year and, if the council thinks fit, subsequent years. This must be published **as soon as practicable after the start of the financial year to which it relates**. Given that the Auditor is tasked with undertaking an improvement information and planning audit (under section 93 of the Act) and is required to issue a report that includes the result of this by 30 November of each year, it is suggested that the publication of an improvement plan should take place by **end of June** of each year.

46. An improvement plan should set out: • why the listed improvement objectives were chosen;

• the outcomes expected to be achieved;

• a statement on the process followed in consulting on the improvement objectives and any issues that arose from the consultation;

• the evidence required to monitor the delivery of the improvement objectives; and

• information on how stakeholders may propose new improvement objectives during the year.

47. Any improvement plan developed before any community plan is in place could be built into a council's corporate plan. This could be as an appendix or other additional document but must be easily identifiable.

Role of the Local Government Auditor - inspection and assessment

48. The following section provides an overview of the statutory functions of the Auditor, as set out in the Act, and how these will operate during a financial year under full commencement of the Act.

49. The main piece of work for the Auditor under the performance framework programme is an annual improvement assessment (conducted under section 94 of the Act) for each council to determine whether the council is likely to comply with the requirements of Part 12 of the Act. The Auditor will also undertake an improvement information and planning audit (as required under section 93 of the Act) to ascertain whether the council has discharged its duties under section 92 and the extent to which it has acted in accordance with any Departmental guidance relevant to the section.

50. To fulfil these statutory requirements, the Auditor will undertake the following:

• a forward looking assessment of a council's likelihood to comply with its duty to make arrangements to secure continuous improvement; and

• a retrospective assessment of whether a council has achieved its planned improvements to inform a view as to the council's track record of improvement.

51. The Auditor may also, in some circumstances, carry out Special Inspections (under section 98) in respect of which a report will be provided to the Department and the relevant council. This report may be published (under section 99).

52. These items of work are described in more detail below. In addition, in the revised Code of Audit Practice, the Auditor sets out the way in which he/she intends to exercise key functions in relation to the Act in accordance with the principles, namely:

- consistently between councils;
- proportionately so as not to impose an unreasonable burden on councils; and
- with a view to assisting councils to comply with their duties in relation to securing continuous improvement.

53. It should be remembered that the Auditor also has functions under other legislation that lie outside the Act. In particular, the Auditor has duties and powers under the Local Government (Northern Ireland) Order 2005 to undertake studies for improving economy, efficiency and effectiveness, to ascertain whether a council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Similarly, the Auditor has duties to undertake the audit of the accounts of councils and report on any matters of public interest.

54. The work performed by the Auditor in discharging these other duties, whilst independent of the Act and the performance improvement framework, will, where possible, be co-ordinated and used to inform work under the Act and vice-versa.

Improvement Assessment

55. The improvement assessment (Section 94 of the Act) will include a retrospective assessment and a forward looking assessment to inform the Auditor's view of the council's track record of improvement. Both assessments will be informed by the improvement information and planning audit (section 93). While section 93 and section 94 each amount to distinct legal functions and are described here as distinct elements, they are linked and will be used together to inform the Auditor's assessment of each council.

56. The section 93 audit of improvement information and planning will be undertaken in two parts to align with the council's publication of its improvement plan (section 92 (4)) and its retrospective assessment of its performance (section 92(2)).

57. The Auditor will be carrying out work throughout the year to inform both assessments and will be feeding back findings to the council. The Auditor will undertake council wide reviews of relevant governance and management arrangements, supplemented where necessary by reviews of specific functions and activities. Where appropriate, the assessment may involve gathering and reviewing information from members of the public and other stakeholders, as well as information from within the council. It will also be informed by audit work done in relation to the council's accounts and proper arrangements.

Forward looking Assessment

58. For each financial year, the Auditor will assess each council in terms of whether it is likely to comply with the requirements of the Act. The Auditor will consider, among other things, the council's published improvement plan (section 92(4)), which will contain its improvement objectives and plans for meeting them, as well as the general duty to make arrangements to secure continuous improvement.

59. The Auditor will consider the council's track record of improvement and whether its governance and management arrangements effectively support improvement.

60. The first part of the section 93 audit will be an audit of the council's discharge of its duties under section 92(4) and (5) (the publication of an improvement plan - see paragraph 45) and 92(6) (the extent to which the council has acted in accordance with guidance issued by the Department). This will take place during the early

part of the financial year and will inform the assessment. The exact timing of an audit will depend on when the council finalises and publishes its improvement plan (section 92 (6)). Councils are required to publish their plans 'as soon is reasonably practicable after the start of the financial year'.

61. For each financial year, the Auditor will issue an Audit and Assessment Report (section 94) to each council and the Department by 30th November, unless otherwise directed by the Department. The Auditor's report will state whether he/she thinks the council is likely to comply with the statutory duty to make arrangements to secure continuous improvement during the current financial year. The Auditor may also comment on whether the authority is likely to comply in subsequent years.

Retrospective Assessment

62. From 2017-18, and thereafter for each financial year, the Auditor will undertake a retrospective assessment of performance with the main purpose of tracking improvement over time. When making an assessment of performance, the Auditor will consider, among other things, the council's own published assessment of performance (section 92(2)), as part of the section 93 audit, and the findings from any work undertaken by the Auditor to assess service performance. As with the forward looking assessment, this work may, where appropriate, involve gathering and reviewing information from members of the public and other stakeholders. It will also be informed by the audit work done in relation to the council's accounts and proper arrangements. For 2016-17, the auditor will audit the 2015-16 baseline data as described in paragraph 44.

63. The second part of the section 93 audit will be an audit of the council's discharge of its duties under section 92 (1) to (5), i.e. the council's assessment of performance. This will inform the Auditor's performance assessment, which will review:

- the overall level of improvement attained;
- progress made on meeting improvement objectives;
- inclusion of performance indicators;
- achievement of both the Department's specified and the council's self imposed performance standards;
- performance over time and against other councils (where reasonably practical); and
- arrangements for data collection and use, and the overall adequacy of performance information.

The performance assessment will be reported annually by 30 November each year.

Special inspections

64. If the Auditor is of the opinion that a council may fail to comply with the requirements of the Act, or if the Department directs the Auditor to carry out an inspection, then the Auditor may carry out a special inspection of the council. Such inspections may relate to some or all of a council's functions. Before deciding whether to carry out a special inspection, the Auditor must consult the Department. Where the Auditor is minded to inspect and has stated this in an assessment report, the Auditor must consider any response made by the council.

65. Where the Auditor undertakes a special inspection, a report will be issued to the council and the Department. This will set out any matters in which the authority is failing or may fail to comply with the Act. If a council received a special inspection report in the previous year in which the Auditor believes that the council has, or is failing to comply with Part 12 of the Act, then the improvement plan should record that fact and any action taken, or to be taken, as a result of the report.

Published annual Improvement reports

66. From 2016-17, and thereafter for each financial year, the Auditor will publish an annual improvement report in respect of each council, which:

- summarises the reports relating to section 95; and
- summarises or reproduces any special inspection reports that may have been undertaken.

67. Based on the work done during the year, the Auditor will consider, in light of the annual improvement report, whether to make a recommendation to the Department to give a direction to the council under section 100 or exercise any other Auditor functions in relation to the council. This section 100 provision applies in relation to a council if the Department is satisfied that the council is failing, or is likely to fail, to comply with any requirements of Part 12 of the Act, including ensuring the performance standards specified under section 89 are met.

68. The annual improvement reports will be available on the Northern Ireland Audit Office website and will be written in such a way as to make them accessible and meaningful to members of the public.

Co-ordination of audit and assessment work

69. The Auditor will produce a timetable for each authority setting out the dates and times during which Local Government Audit staff will undertake their work in relation to the council. The Auditor will consult with the council before setting the timetable. In producing the timetable, the Auditor will follow the principles of the Audit Statement of Practice. For example, the Auditor will ensure that the work of the other Audit Office functions are co-ordinated so that they are taken together and exercised proportionately.

70. The timetable will take all audit and inspection activities into account and attempt to establish a programme of activity that meets the needs of the council, the Auditor and the Department to provide public assurance and drive forward service improvements and fulfil the requirements of the Auditor's relevant functions. Once set, the Auditor and the council must take all reasonable steps to adhere to the timetable. Clearly it is in the council's interests that the Auditor is able to adhere to this timetable. It is, therefore, important that councils provide any requested support to the process.

Powers of Direction

71. Where the Auditor recommends the Department to give a direction where a council is failing, or is likely to fail, to comply with any of the requirements in relation to Part 12 of the Act, the Department may direct a council to:

- prepare or amend an improvement plan or to follow specified procedures in relation to such a plan;
- carry out a review of its exercise of specified functions;
- enter into specified arrangements with another council; and
- set specified improvement objectives for itself under section 85.

72. Any Northern Ireland Department may direct the council to take any action which they deem necessary or expedient to secure compliance with their requirements under part 12 of the Act (such as their requirements under section 89 "Performance indicators and performance standards"). This may include that a specified function of the council is carried out by the department for a specified period or for so long as deemed necessary and the council concerned must comply with any instructions of that department in relation to the exercise of such function and provide any assistance that may be required by the department.

Timetable for Performance Improvement activity

- **June:** council to publish Performance Improvement Plan as soon as reasonably practicable after the start of the financial year to which the plan relates (it is suggested that this is completed by end of June of each year);
- **June/July/August:** Auditor to complete fieldwork;
- **September:** council to publish an assessment and comparison of its performance by 30th September in the financial year following that to which the information relates;
- **September/October:** Auditor to carry out audit of council's self assessment, draft report and to agree the facts with council;
- **By 30 November:** Auditor to issue final reports to councils and the Department; and

- **February/March:** Auditor to publish Annual Improvement report for each council.

Appendix 2 19

The Local Government (2014 Act) (Commencement No. 4) Order (Northern Ireland) 2015

Provisions of the Act, relating to Performance Improvement, coming into operation on 1st April

2015 Section 84

Section 85

Section 86

Section 87

Section 88

Section 89

Section 90

Section 91(3)

Section 92(4)-(6)

Section 94

Section 98

Section 99

Section 100

Section 101

Section 102

Section 104

Section 105

Section 106

Improvement: general duty

Improvement objectives

Improvement: supplementary

Consultation on improvement duties

Appropriate arrangements under sections 84(1) and 85(2)

Performance indicators and performance standards

Collection of information relating to performance

Use of performance information

Improvement planning and publication of improvement information

Improvement assessments

Special inspections

Reports of special inspections

Powers of direction, etc.

Power to modify statutory provisions and confer new powers

Application of certain local government audit provisions

Power of any Northern Ireland department to direct council to make reports etc.

Inquiries and investigations

Power of any Northern Ireland department to intervene in case of default by council