



NORTHAMPTON
BOROUGH COUNCIL

Target Setting for Performance Indicators

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Links to other documents

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Executive summary

Targets are an essential tool for driving improvement and focusing effort. They provide information for decision makers about the actual and expected performance of an indicator, objective or process.

Targets are set during the annual service planning process. The relevant Director(s) and Cabinet Member(s) sign off all service plans and this commits the service to working towards the achievement of a target.

Targets are set with reference to a number of sources including, statutory duties, Corporate Plan priorities and commitments, previous performance, and known risks to service performance, such as changes in policy or legislation. There are a number of tools available to assist with target setting. Target tolerances are set for all targets to ensure that progress towards target achievement can be monitored using the RAG performance alert colour status.

In specific circumstances targets can be revised, or measures removed, during the reporting year. A clear rationale for any revision or removal must be presented to Management Board, and in the case of Corporate measures, have approval from the respective Cabinet member who holds the portfolio, or the Leader. Changes must be in line with the transparency agenda, and be subject to scrutiny and audit. Specific instances where changes will be allowed are discussed later in the document.

This document provides guidance on how to set annual targets and the process for revising targets during the reporting year.

1. Introduction

This guidance defines the corporate approach to target setting for all performance indicators monitored by the Corporate Performance Team. There are three key elements; guidance on setting robust targets, the procedure for signing off targets via the annual service planning process and the circumstances by which target revisions can take place during the reporting year. A definition of the specific roles and responsibilities of key staff and a glossary of terms completes the guidance.

2. Statement of intent

The purpose of this guidance is to outline Northampton Borough Council's approach to target setting for performance indicators. This includes the sign off process for targets set through the annual service planning process and the revision of targets during the reporting year.

3. Scope

The guidance applies to all staff and Councillors involved in setting performance indicator targets. Key Performance Indicators (KPIs), measures and indicators are interchangeable terms for the purposes of this policy.

Performance indicators cover the all those monitored by Corporate Performance- Corporate Priorities, and Management Board Dataset

4. Aims, objectives and outcomes

The aim is to ensure that target setting is consistent throughout the authority and completed using appropriate information, such as benchmarking and trend analysis.

The objectives are:

- a) To provide a guide for setting robust targets and the process by which targets are set during annual service planning
- b) To outline the process for revising approved targets and indicators during the reporting year

The intended outcome is to provide a robust framework for the setting of annual performance targets, which supports the continuous improvement of Northampton Borough Council.

5. Setting performance indicators targets

5.1 Why set targets?

Targets clearly define the expected performance of an indicator and inform decision makers about the performance of a service, objective or process. They provide a comparison between the expected performance and the actual performance achieved.

Targets are a tool for driving improvement and focusing effort. They facilitate and support performance improvement by providing a snapshot of areas of concern and areas of success throughout the year.

Well-set targets shape the expectations of our services, customers and partners. They can be used to hold the authority and its services to account. Targets also define how we will align our resources to achieving what we have set out to deliver.

In some instances, targets may be statutory and set for us, for example by the Government. Targets may also form part of an agreement, where achieving them can be attributed to financial reward, or penalty.

5.2 Setting robust targets

Robust targets need to be realistic but challenging. Targets should encourage continuous improvement, but there must also be reasonable probability of success.

All performance indicators require outturn targets.

Targets that are reported monthly or quarterly will also require profiled targets in order to monitor progress for each reporting period.

Targets must be set with consideration of:

- Reviewing the priorities and commitments defined within the Corporate Plan
- Current performance – how well are we performing now?
- Previous outturn results – what is the longer term trend of performance
- Comparative national quartile information or other benchmarking data – how does current performance compare against others
- A review of the risks associated with achieving the target
- The ability of the service to influence the outcome – are there factors outside of our control?
- Work streams in the year ahead which may have a negative or positive impact on performance
- Future changes to priorities, policy and legislation – horizon scanning
- The available resource within the service to influence the outcome – e.g. staff (number of, annual leave, sickness), budget, IT systems, materials

There a number of tools available to assist with target setting, including:

- Trend analysis and forecasting
- Benchmarking
- Consultation with officers
- Horizon scanning
- SWOT analysis

Contact a member of the Corporate Performance Team if you require more information regarding these tools.

5.3 Target sign off procedure

All performance indicators must have:

- a) An outturn target
- b) Relevant target tolerances – to ensure the correct RAG status can be assigned to performance
- c) A clear rationale – to explain the context of the target set

Monthly and quarterly measures must also have,

- d) Profiled targets – to monitor progress towards the outturn target

This information is recorded in the action plan (Excel spread sheet) element of the Service Plan. The action plan contains the Corporate Priorities, and Service measures.

The Corporate Performance Team reviews and challenges all Service Plans during the timetabled annual service planning process.

Targets are agreed and submitted by the relevant Director and Cabinet Member, with final challenge and sign-off by Management Board, led by the Chief Executive.

Finalised service plans are to be received by the Corporate Performance Team for the start of the monitoring year. These must be sent via email with an electronic confirmation of sign off from a nominated member of Management Board.

5.4 Revising targets during the reporting year

Revision of targets during the reporting year will be considered if:

- a) Significant change to service delivery methods
- b) Changes to policy or resource are made
- c) The impact of a known event is greater than expected
- d) Partners or other external bodies change or review policies, procedures or targets
- e) Historical data to base targets on is not available, such as new measures, resulting in targets being set too high or too low.
- f) Changes of/to the Administration, resulting in revised Corporate Priorities

The complete removal of a measure will be considered if it is no longer possible to collect the data required, or if the indicator no longer supports the Corporate Priorities or strategic direction of the Council. Agreement and sign-off for the removal of a measure will follow the same rules as target revision.

Revision of targets or the removal of a measure during the reporting year will **NOT** be considered purely because a target has not been achieved to date or cannot be achieved by outturn.

Targets can be revised either to create a more challenging or a more achievable target.

Target revision or measure removal can only take place with the support of Directors and the relevant Cabinet Members, or Leader of the Council. All changes must be supported by clear justification from the Head of Service or appropriate manager. In the case of a change in Administration, justification will not be required if supported by Management Board.

As a minimum, justification must include:

- a) The proposed outturn target
- b) If appropriate, the proposed profiled targets
- c) A rationale for the change
- d) Detail of the impact the change will have on performance to date

In the case of measure removal, the specific issues leading to the proposal should be stated. If a replacement measure is required, a full measure definition will be required, and should form part of the proposal.

The Corporate Performance Team will review the proposal and provide comment. It will then be taken to Management Board via the relevant Director for approval and final sign off.

Once a target revision has been agreed it is the responsibility of the Service Area to communicate this to the Corporate Performance Team so that amendments can be made to the corporate performance records and InPhase BMS.

The Corporate Performance Team must also receive a final version of the proposal for records and to provide a clear audit trail of the decision-making process. Documentation will be added to InPhase BMS and targets amended accordingly.

6 Roles and Responsibilities

The following roles and responsibilities are set out within the policy framework:

Directors

- Agree targets via the annual service planning process
- Agree business case to propose a revised target during the reporting year
- Report proposed target revisions to Management Board

Heads of Service

- Agree targets and rationales with service teams for approval by Directors and Cabinet Member via the service plan
- Obtain support for revisions to targets from the Director and Cabinet Member
- Develop the business case for revisions to targets and share with the Corporate Performance Team for challenge and review prior to Management Board
- Present the business case to Management Board
- Ensure that final approved targets and business cases are forwarded to the Corporate Performance Team

Performance Team (Corporate)

- To provide guidance, support, and challenge to the target setting process
- To administrate the input of targets into Performance Plus
- To ensure accurate reporting of targets in corporate performance reports
- To provide comment to any business case for revised targets prior to submission to Management Board

Cabinet Member/Leader

- Agree targets via the annual service planning process
- To support proposed target revision within the reporting year

InPhase BMS Data Entry staff

- To ensure commentary entered on Performance Plus is relevant to the current target

7 Glossary of terms

Benchmarking

The process of comparing a procedure or performance measure to a recognised standard. This standard could be other local authorities, similar services within the private sector or a recognised example of best practice. Examples of benchmarking opportunities include,

LG Inform

An online tool which holds results of KPIs which can be viewed by region or authority

Housemark

A membership based organisation helping the social housing sector to improve performance and achieve value for money

Nearest Neighbour Group

Groups of local authorities that are considered to be similar by the Audit Commission and CIPFA

Indicator

An indicator provides an evaluation of a progress towards an objective. Also referred to as a measure, or KPI.

Horizon scanning

The examination of potential opportunities and threats facing a service area in the future. For example, potential legislation changes or the impact of a change in political leadership.

Management Board

Regular senior management meetings attended by the Chief Executive, Assistant Chief Executive and all Directors.

Measure

A measure provides an evaluation of a progress towards an objective. Also referred to as an indicator.

Outturn

Year-end reporting - March

InPhase BMS (P+)

P+ is Northampton Borough Council's performance management system. The system contains all objectives and measures from Service Plans. The system directly links Service Plan objectives to Corporate Plan priorities & outcomes.

Profiling

Profiling a target is the process of breaking down the outturn target into targets that can be achieved for each reporting period. The cumulative affect of the profiled target must achieve the outturn target. It allows targets to be effectively monitored throughout the year and can be used as a tool to extrapolate expected performance. It helps to flag up

issues during the reporting year and gives decision makers the opportunity to realign resources where necessary based on performance.

A profiled target may be static. For example, in the case of achieving the service standard of responding to all complaints within 30 days. The target for this would be 100% all year.

A profiled target can fluctuate throughout the year in order to account of, for example known seasonal trends such as a drop in the collection of green waste over December. However, the overall affect of achieving the profiled targets is that the outturn target is achieved.

Quartile Position

Quartile positions are calculated using percentile calculations. Three breakpoints are identified within a data set for the 25th, 50th and 75th percentiles.

Quartile description	Quartile number	Explanation
Upper Quartile	1	More than the value of the 75 th percentile
Upper Median	2	Between more than the value of the 50 th percentile and equal to 75 th percentile
Lower Median	3	Between more than the value of the 25 th percentile and equal to 50 th percentile
Bottom Quartile	4	Less than or equal to the value of the 25 th percentile

Quartile positions are used within performance data to show a local authority's position in relation to national breakpoints. Most performance indicators at NBC are compared against the results for All England, however the information can be provided by District.

RAG

Red, amber, green, blue colour status relates to the Council's performance alert system. A colour alert is given to performance indicators as a sign of their proximity to target.

Target

A fixed goal, set via the sign off procedures in this document, to which a performance measure aims to achieve.

Target Tolerance

The target tolerances of an indicator target provide the thresholds within which performance can be either above or below target (+/-). The performance alert colour status (RAGB) defines which side of the target tolerance performance is; red is outside of the tolerance and under target, blue is over the tolerance and over performance, green and amber reflect the set target tolerance range. This is a management tool to flag issues and success to decision makers.