

# Worcestershire County Council

## Corporate Performance Management Policy Statement and Strategy

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## Performance Management Policy Statement

This Policy Statement outlines the County Council's commitment to managing performance, which it acknowledges is fundamental to effective Corporate Governance. It forms part of the Performance Management Strategy and should be read in conjunction with the Best Practice for Performance Indicators (Appendix 1).

As a component of the Council's corporate governance framework<sup>1</sup>, performance management provides a positive contribution towards the achievement of the Council's vision, aims and objectives. It does this by identifying key performance indicators (KPI) relevant to the delivery of the Council's Corporate Plan and providing assurances that performance across the Council's services is actively managed.

For the purpose of this document, WCC defines KPI as indicators set out in the Corporate Plan and also the corporate level indicators regularly reviewed by Chief Officer Group and Senior Leadership Team (COG / SLT). All other indicators monitored at lower levels in the organisation are referred to as Performance Indicators (PI). The Golden Thread across the organisation is clearly demonstrated through the hierarchy of PI within each directorate, service and team.

Performance management is an integrated approach to helping an organisation to achieve its aims and objectives by monitoring and improving the performance of individuals, departments and the organisation as a whole.<sup>2</sup>

For councils, performance management is about using data to inform action that will improve outcomes for people.<sup>3</sup>

Performance management is used by the Council to understand what we are doing well and where we need to improve. As well as involving performance monitoring systems, processes and analysis, performance management is about managing resources, people, and the way people within the Council work together.<sup>4</sup>

We recognise that effective performance management is critical to the success of a well-run local authority. It encompasses everything we do and is everyone's job.<sup>3</sup> Worcestershire County Council's corporate performance management approach applies to all employees as everyone has a role in ensuring the Council achieves the core priorities set out in its Corporate Plan.<sup>5</sup> Performance management is integrated into service planning and delivery arrangements, including transformation and commissioning. The Council seeks to proactively identify, understand and manage performance to drive improvements in service delivery and to achieve the aims of the Corporate Plan.

Poor performance can impact the organisation in several ways. It can increase the likelihood of inefficiency and cost, reputational damage and legal challenges, and potential harm to residents, service users and staff. Effective performance management is therefore inexorably linked with effective risk management.

The Council believes that risks should be identified, understood and proactively managed rather than avoided. It is acknowledged that some risks will always exist and will never be eliminated, and

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<sup>1</sup> [Worcestershire County Council - Legal and Governance Guidance and Documents](#)

<sup>2</sup> See Chartered Management Institute ([Performance management - CMI](#))

<sup>3</sup> See Local Government Association [Performance management guide for local authority officers](#)

<sup>4</sup> See [Performance Management - Gateshead Council](#)

<sup>5</sup> Worcestershire County Council Corporate Plan 2022 to 2027: [Shaping Worcestershire's Future](#)

that it is important for decision makers to understand the nature of risk as well as accepting responsibility for risks associated with their area of work.

For services that have been commissioned out, it is important that commissioners and service providers have a clear understanding of the performance related to those services and arrangements in place to manage poor performance where it is identified.

## Corporate Performance Management Strategy

### 1. Introduction

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'<sup>6</sup>, under which local 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'.

This strategy provides a framework for managing corporate performance.

Delivery against the Council's strategic business objectives (as described by the Corporate Plan) needs to be assessed by officers and elected members in order to inform financial and service planning and in support of improvement activities. The success of the Council in meeting its objectives is described by KPI. Every KPI will have a specific target, which will set the expected level of performance as detailed in the Council's Best Practice for Performance Indicators (Appendix 1).

*Table 1 - The SMART criteria for Key Performance indicators*

SMART KPI Criteria	Description
<b>Specific</b>	Clearly describes what is expected to be achieved
<b>Measurable</b>	A quantifiable metric with a target to rate success
<b>Achievable</b>	Challenging but within the scope of the Council to meet
<b>Relevant</b>	Achieving the goal contributes to the strategic objective
<b>Time-bound</b>	Targets should have a deadline within which the goal is to be achieved

Where there is significant risk of non-delivery against Corporate Plan pillars, improvement activity will be agreed to rectify poor performance.

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<sup>6</sup> [DCLG Best Value Statutory Guidance 2011](#) and [DCLG Revised Best Value Statutory Guidance 2015](#)

## 2. Objectives

The objectives of the Council through this strategy and associated processes are described in Table 2.

Table 2 - Corporate Performance Management Objectives

Corporate Performance Management Objectives	How we meet our Objectives
Provide a corporate approach to performance management to make better informed decisions, which is vital to day-to-day service delivery as well as transformational change	Adopting good practice performance management principles, building on those already in place
Develop a clear understanding of the expected performance of Council services, and how we manage activity to meet these expectations. Set the level of expectation we are prepared to accept for our different service delivery activities and priorities.	Establishing clear roles and responsibilities and reporting lines within the Council for performance management.
Ensure that performance management becomes an integral part of how we manage and provide Council services.  Promote a culture of managing performance in a measured way throughout all levels of the organisation, including corporate, programme / project, partnership, commissioning and operational activities.	Incorporating performance management into the Council's planning processes, programme and project management, commissioning, partnerships and procurement processes.
Ensure that the County Council continues to meet all statutory and best-practice requirements in relation to performance management and continues to be a key and effective contributor to the Council's corporate governance framework <sup>7</sup> .	Providing a performance management framework and supporting guidance for the effective identification, assessment, management and monitoring, and review arrangements, to manage performance.

## 3. Assessment of Performance

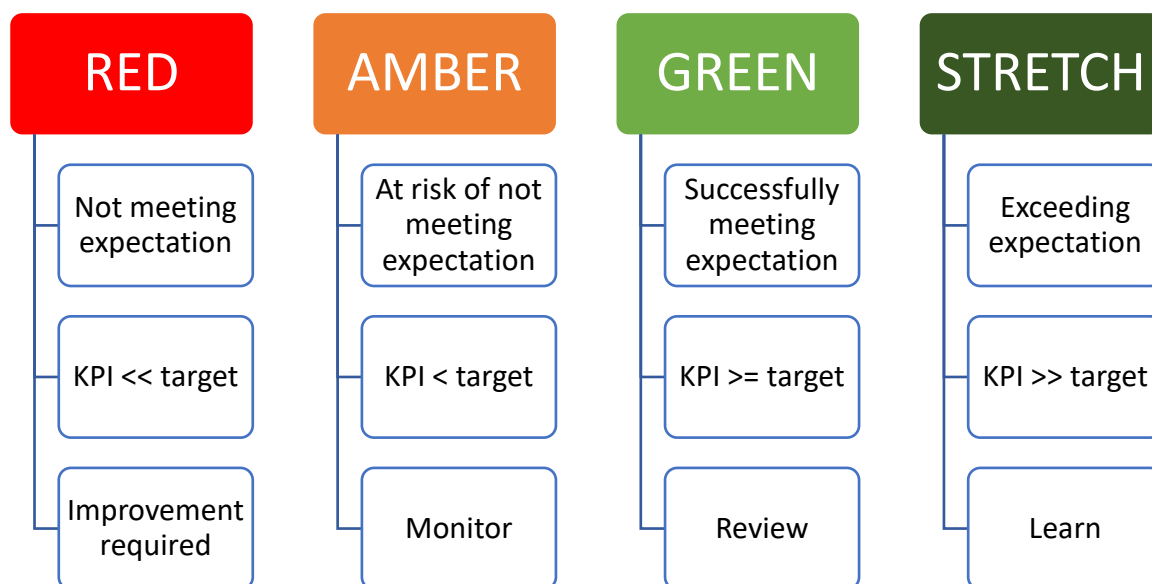
A performance management system uses agreed targets and objectives to enable managers to measure and review performance, giving a clear indication as to whether the activities undertaken by individuals are contributing to the achievement of organisational goals.

The Council assesses KPI according to a red, amber, green (RAG) rating as described in Figure 1.

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<sup>7</sup> [Worcestershire County Council - Legal and Governance Guidance and Documents](#)

Figure 1 - Red / Amber / Green (RAG) rating of Key Performance Indicators



Where there is significant risk of non-delivery against Corporate Plan pillars, (as indicated by a sustained period of red-rated performance), immediate management action will be agreed to rectify poor performance. Red-rated KPI are reported to COG / SLT on a quarterly basis to review the effectiveness of improvement activity.

#### 4. Corporate Context

The Council's approach to performance management needs to support the strategic approach of our Corporate Plan, including the transformation of service delivery. It also needs to support the management of day-to-day performance. The Corporate Plan sets the strategic (future) direction for the Council; service plans establish the objectives that will need to be achieved in order for the Council to perform; team PI describe performance at the operational level.

#### 5. General Principles

The Council will use a standardised approach for its performance management, including using a bespoke system to capture and monitor performance information. It also includes being clear on accountabilities and having a formal governance process and will be robust without being unduly burdensome.

Day-to-day performance management arrangements at Directorate, Service and operational level remain the responsibility of the relevant Directorates or Council leads. Some of these will be cross-cutting and apply to all areas of the Council's work such as workforce metrics and budget management. Others will be specific to particular areas of work within the Council.

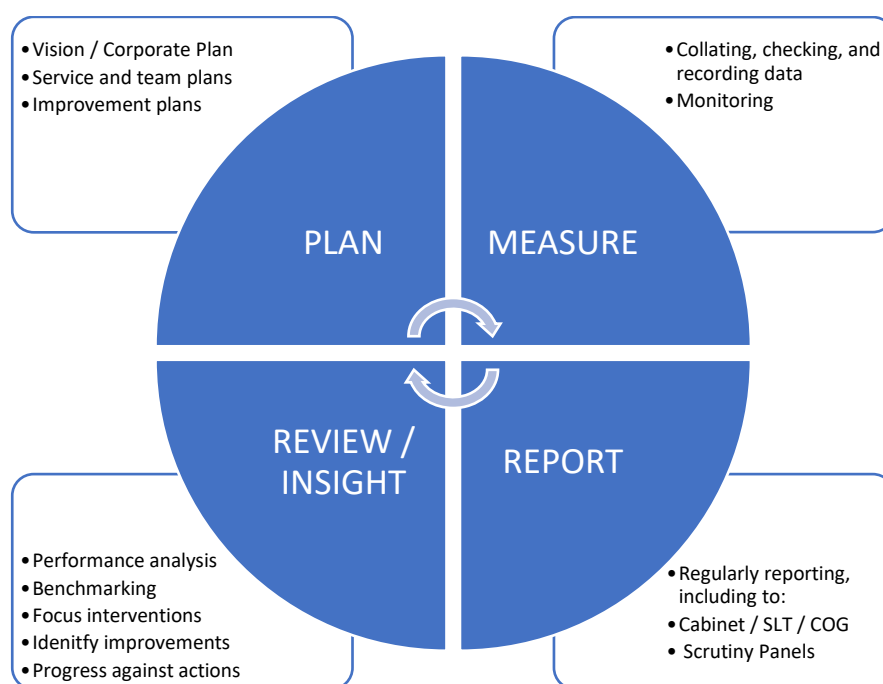
All managers and staff have a responsibility to identify, assess and manage performance relevant to their role.

## 6. Corporate Performance Management Process

### 6.1 Performance Management Cycle

Performance management is a cyclical process consisting of four stages as set out in Figure 2. This basic cycle applies to all types of performance that need to be managed, though there will be differences of detail and documentation in different contexts.

Figure 2 - Performance Management Cycle



### 6.2 Risk Management Structure

There is a basic hierarchy in managing performance at the Council.

The Corporate Plan contains a suite of 25 measures that track progress against achieving the outcomes of the plan, which are described by the Corporate Plan pillars:

- Open for Business
- The Environment
- Children and Families
- Health and Wellbeing

The Corporate Plan measures are reported annually to Overview and Scrutiny Performance Board (OSPB) and published on the Council's website.

Corporate KPI describe the performance of the key activities of the Council that contribute to the successful delivery of the Corporate Plan, and are more output focussed than the Corporate Plan measures. These KPI are identified as Corporate in the Council's performance system and monitored on a quarterly basis by COG. Corporate Performance Information is reported via specific reports to elected members, specifically Cabinet<sup>8</sup> and relevant scrutiny panels<sup>9</sup> and to strategic directors in Senior Leadership Team (SLT) meetings.

Directorate / Service PI describe the performance of the activities of the services that contribute to the successful delivery of each service plan and are recorded as Directorate or Service PI in the performance system. Some of these PI will be sufficiently important to be also recorded as Corporate KPI (for example, where the KPI is directly linked to one of the Corporate Plan pillars). Relevant managers are expected to monitor and review Directorate / Service PI quarterly and report to senior managers as part of this process. Directors and Assistant Directors are accountable for Directorate / Service PI that feature in the Corporate KPI set.

Operational performance management is used to performance manage the day-to-day activity of the organisation. This includes team PI, which should be monitored as part of everyday operational activity. Team PI may not be recorded in the performance system as such, but where the cumulative effect of operational performance is sufficient to determine whether service plans are successfully delivered, there may be a corresponding PI at the Directorate / Service level (for example, the service may have a PI which is aggregated from team one).

## 7 Governance Arrangements

Performance governance focuses on applying the principles of sound Corporate Governance to the assessment and management of performance to ensure that activities are aligned with the Council's strategic priorities.

Members, officers and employees must understand the nature of performance and accept responsibility for managing performance within their area of activity. The following describes the governance arrangements and the roles and responsibilities that members and officers will play in embedding and owning the performance management process:

Board / Group	Roles and Responsibilities
<b>Cabinet / Corporate Business Board</b>	<ul style="list-style-type: none"><li>• Endorse the content of the Performance and Risk Report and any identified improvement activity, reviewed by Corporate Business Board on a quarterly basis and by Cabinet every six months (at the end of Quarter 2 and Quarter 4)</li></ul>
<b>Scrutiny Panels / OSPB</b>	<ul style="list-style-type: none"><li>• Provide independent assurance to the Council of the adequacy and effectiveness of the performance management arrangements</li><li>• Receive quarterly reports on performance management activity</li></ul>
<b>Strategic Leadership Team (SLT)</b>	<ul style="list-style-type: none"><li>• Provide corporate leadership of performance management throughout the Council</li><li>• Review Corporate KPI on a quarterly basis to ensure appropriate control measures are in place and are effective</li></ul>

<sup>8</sup> See Worcestershire County Council Agendas, Meetings and Minutes: [Cabinet](#)

<sup>9</sup> See [Worcestershire County Council Committee Structure](#)



Board / Group	Roles and Responsibilities
	<ul style="list-style-type: none"> <li>Advise Elected Members on effective performance management and ensure Elected Members receive relevant performance information</li> </ul>
<b>Chief Officer Group (COG)</b>	<ul style="list-style-type: none"> <li>Agree an effective Council-wide framework for the management of performance, including the Performance Management Strategy</li> <li>Ensure that the Council complies with the Corporate Governance requirements relating to performance management</li> <li>Own the Council's corporate performance management approach and ensure that KPI are reviewed. COG will be responsible for agreeing the Corporate KPI for inclusion in Corporate Reports</li> <li>Ensure processes are in place to report any current or emerging exceptional areas of performance (including any Corporate KPI assessed as Red, or Amber and deteriorating) and that strategic and / or policy decisions consider the impact on the Council's performance</li> <li>Review the Council's Corporate Performance Management Strategy on an annual basis</li> <li>Review training needs and programmes in relation to Performance Management</li> </ul>
<b>Directorate Leadership Teams</b>	<ul style="list-style-type: none"> <li>Monitor and review Directorate / Service PI (including relevant Corporate KPI) and allocate resources to ensure performance is managed appropriately</li> <li>Update the Council's performance system with latest RAG assessment scores, and information about improvement activity where relevant (PI assessed as red require improvement activity to be agreed)</li> <li>Ensure that lower-level operational performance-management mechanisms specific to the Directorate (or where the Directorate has a lead) are in place and effective</li> </ul>
<b>Performance Services</b>	<ul style="list-style-type: none"> <li>Develop, maintain, review and report from the Council's corporate performance system to meet the agreed reporting schedule</li> <li>Support Directorates to identify, analyse and monitor performance</li> <li>Provide guidance and support to elected Members and managers in relation to performance management arrangements</li> <li>Support internal performance management and reporting progress through Scrutiny Panels</li> </ul>

## 8 Roles and Responsibilities

Role	Summary of Responsibilities
<b>Elected Members</b>	<ul style="list-style-type: none"> <li>Support and promote performance management across the Council</li> <li>Consider the impact on performance associated with decisions elected Members take</li> </ul>
<b>Directors</b>	<ul style="list-style-type: none"> <li>Ensure performance management within their areas of responsibility is implemented in line with the Council's Performance Management Strategy</li> <li>Ensure that performance required for the delivery of outcomes in the Corporate Plan is identified and effectively managed by KPI owners</li> <li>Ensure regular review of performance in their area of responsibility</li> </ul>

Role	Summary of Responsibilities
	<ul style="list-style-type: none"> <li>• Challenge relevant Assistant Directors on performance relating to their areas of responsibility, and in particular hold Assistant Directors to account on areas of poor performance (e.g. PI that are assessed as red)</li> <li>• Proactively raise performance issues at management team meetings</li> <li>• Nominate a 'Performance Champion' to be the key interface in supporting the application of performance management principles within their Directorate</li> </ul>
<b>Assistant Directors</b>	<ul style="list-style-type: none"> <li>• Ensure that performance management within their areas of responsibility is implemented in line with the Council's Performance Management Strategy</li> <li>• Agree a suite of PI for their Service including expected performance for successful delivery of the service plan (targets) and performance that would exceed expectations (stretch target). The suite of PI should be reviewed annually in Quarter 4 each year</li> <li>• Identify performance issues arising from their areas of responsibility, prioritising and initiating improvement activity</li> <li>• Ensure regular review of the PI in their area of responsibility</li> <li>• Report to Directors on any perceived new and emerging performance issues or failures of improvement activity to allow issues to be escalated to the corporate level as necessary</li> <li>• Promote and share good practice across service areas</li> <li>• Challenge PI owners and actions to ensure that improvement activity is proportionate and successful</li> <li>• As part of COG, review the Corporate Performance Management Report on a quarterly basis and provide additional commentary as required on exceptions (red-assessed KPI and amber-and-deteriorating ones)</li> </ul>
<b>Head of Service / Managers</b>	<ul style="list-style-type: none"> <li>• Ensure performance management within their areas of responsibility is implemented in line with the Council's Performance Management Strategy by:                             <ul style="list-style-type: none"> <li>○ Communicating performance management arrangements to staff</li> <li>○ Identifying training needs</li> <li>○ Taking accountability for actions and reporting to their Assistant Director</li> </ul> </li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>• Provide an annual independent, objective assessment of the effectiveness of performance management</li> <li>• Ensure that the Internal Audit activity is focused on the key performance issues facing the Council</li> </ul>
<b>All employees</b>	<ul style="list-style-type: none"> <li>• Maintain an awareness of the need to manage performance when making decisions and in everyday work</li> <li>• Participate in the performance management process as required and in particular contribute to improvement activity identified for red-rated KPI and PI</li> <li>• Advise line managers of any new and emerging performance issues to allow issues to be escalated as necessary</li> </ul>

## 9 Monitoring and Review

The following processes are in place to monitor and review performance:

- Quarterly review of corporate strategic performance and report to COG
- Quarterly review of Directorate PI
- Quarterly review and report on the overall effectiveness of performance management to COG / SLT and Cabinet / Corporate Business Board
- Quarterly performance reports to scrutiny panels
- Annual review (by COG) of the Corporate Performance Management Policy Statement and Strategy and the Best Practice for Performance Indicators
- Annual report to SLT and OSPB on progress towards achievement of Corporate Plan priorities

## Appendix 1 - Best practice for Performance Indicators

Component of a Key Performance Indicator / Performance Indicator	Description
<b>The Measure</b>	<p>A performance indicator is a quantifiable measure used to gauge whether a strategic or operational goal is being met. It could also be a nationally published indicator from (for example) a statutory return. This is useful in monitoring what is published publicly. Performance indicators are used to monitor progress towards a goal or objective over time. Performance indicators should be meaningful, which means you should consider whether it helps deliver the priority under consideration.</p> <p>It is important to understand the difference between outputs and outcomes:</p> <ul style="list-style-type: none"> <li>• <b>Outputs</b> are quantitative and reflect what we do, how much we do, timeliness and who we reach.</li> <li>• <b>Outcomes</b> reflect what difference has been made. The difference / improvement to services is the key aim of performance management, and therefore performance indicators should be outcome focused.</li> </ul> <p>It is important to understand the difference between ‘Oversight’ and ‘Operational’ and how they are both useful when creating a performance indicator:</p> <ul style="list-style-type: none"> <li>• <b>Oversight</b> shows what has happened and is useful for benchmarking and accountability.</li> <li>• <b>Operational</b> is a reactive performance indicator showing what is currently happening, for example performance Indicators about the workforce and current resources.</li> </ul>
<b>The Target</b>	<p>Targets should be set when there is:</p> <ul style="list-style-type: none"> <li>• a clear need to monitor performance (for example, where we know we need to improve or where we need to maintain current performance levels)</li> <li>• an expectation of where we want to be and why.</li> </ul> <p><b>Reviewing Targets:</b></p> <p>Targets should be set and reviewed regularly. This is usually at the start of the financial year, although sometimes it can be more regularly. When setting targets, the focus is on the future and should factor in anything that may impact on progress. Different types of targets should be treated differently:</p> <ul style="list-style-type: none"> <li>• Challenging and aspirational (‘Stretch’) targets can push people or services to do better (e.g. 100% completion rate). They are useful for a continuous improvement approach.</li> </ul>

Component of a Key Performance Indicator / Performance Indicator	Description
	<ul style="list-style-type: none"> <li>• Zero deficit targets are useful if we want to avoid something happening (e.g. zero complaints).</li> <li>• Targets grounded on previous data or level of performance.</li> </ul>
<b>Benchmarking (Comparator)</b>	Where applicable, benchmarking information can be added as a comparison to help measure progress. This might be useful when a performance indicator is measured and published by other local authorities. This includes performance indicators that are part of a national or regional benchmarking set. National averages, statistical neighbour averages or best-in-class are useful measures from which to set suitable targets, although these targets need to have local relevance (e.g. consideration of demographics, socio-economic characteristics, environmental factors).
<b>Timeliness (Frequency)</b>	<p>Data should be captured as quickly as possible after the event or activity it is being used to measure and must be available for the intended use within an appropriate period of time. Data should be available quickly enough to support information needs and influence service or management decisions allowing corrective action to be taken promptly.</p> <p><b>To Consider:</b> a standalone annual KPI might not be frequent enough to allow management to make informed decisions, but could be supported by a timelier quarterly PI that gives an indication of progress towards the annual KPI. For example, an annual KPI of “Cyber-attacks that affect the Council” could be supported by a quarterly “Cyber security training completions” PI.</p>
<b>Commentary / Improvement Activity</b>	It is important that commentary is provided to explain the performance information shown by providing the wider context and telling the story behind the data. Commentary should outline the activity that has been undertaken already to support the improvement of the performance indicator and what will be undertaken to enhance future performance.
<b>Red, Amber, Green (RAG) Status and Direction of Travel (DoT)</b>	<p>RAG status indicates how the KPI / PI is performing overall. For those rated red or amber, commentary should be provided (as above).</p> <p>Whether a KPI / PI is rated red, amber or green should be determined from the target. There may be a tolerance of 10% above or below the target, depending on if a higher or lower value equals better performance.</p> <p>DoT is also a good indication of performance as it can highlight concerns before an indicator becomes red or amber, e.g. a KPI’s RAG status might remain amber, but a deteriorating DoT over time could indicate emerging issues, which should be addressed in the commentary.</p>