



Wiltshire & Swindon Infrastructure Consortium

The Development of a Performance Management System

Performance improvement in the THIRD SECTOR is ultimately about meeting more needs more effectively and about creating better quality organisations.

Performance Hub website 2006

Produced by John Teller of Community Mentors

Final Report



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Acknowledgements

Developing sound partnerships between the statutory sector, as **Investors**, and the Third Sector, as **Providers**, has always been important to ensure that the citizens of our communities, who are experiencing disadvantage through no fault of their own, get the support they need.

The spirit in which these partnerships are created often determines the level of success of the programmes and activities which flow from the partnerships. Throughout the whole of this project Community Mentors experienced nothing but enthusiasm and cooperation for this piece of work. The often lengthy and involved conversations which took place provided extremely useful insights.

Our thanks for making this possible go in equal measure to the statutory and the Third Sector organisations involved. In particular, from the public agencies, we would like to thank:

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Special thanks for his guidance and support throughout the project go to Trevor Hazelgrove and to the GOSW Changeup Team for funding the work of the Consortium and for making this piece of work possible.

Please note that because organisations in the voluntary sector are known sometimes as charities, as not for profits or as VCS bodies this Report refers to them throughout as the Third Sector.

A Background

The Third Sector is party to increasing expectations from public agencies that their funding is making a difference and that the difference can be demonstrated through performance management.

In Wiltshire and Swindon, through the Wiltshire Compact, a great deal of collaborative work has been undertaken to improve and develop the relationship between public agencies and the Third Sector which has resulted in longer term funding, development of joint service agreements, monitoring and evaluation procedures, a procurement strategy and more. However there has been a perception that there is not a core belief about the management of performance which has, from time to time, led to unfulfilled expectations. It is clearly born out by experience that the organisations find performance management a difficult process.

ChangeUp funding has been awarded to Wiltshire & Swindon Infrastructure Consortium to undertake a piece of work that will:

- Demystify Performance Management
- Audit quality systems currently being used
- Make recommendations for the development of systems that have the approval of public agencies and Third Sector organisations
- Provide a toolkit to move forward on.

I therefore have pleasure in commending this piece of work as a way to move forward with a uniformed quality assurance system for the voluntary and community sector that will be able to demonstrate the management of performance and the means of identifying the difference that a tranche of funding can make.

Trevor Hazelgrove

Chief Executive; Salisbury & District Council for Voluntary Service
Manager of the project for the Wiltshire & Swindon Infrastructure Consortium

B Executive Summary

Improving performance is no different from trying to improve anything else. Fundamentally, it is about managing change; it needs to be planned, implemented and kept on track in an orderly and efficient way.

There are a variety of tools and approaches on offer to the Third Sector to assist in managing the process of performance improvement. These processes, called performance management, are being eagerly grasped by those working in the Third Sector to help them to give the very best service they can to their beneficiaries. The public agencies, as investors in the Third Sector, are commissioning services more often and they, too, want to be clear about how the beneficiaries of those services have their needs met in the most effective way. Finding a mutually acceptable system of performance management is the goal of this project.

The first conclusion of this project is that Third Sector organisations must be able to demonstrate to its beneficiaries that it is fit for purpose. This means more than just providing good services. It means demonstrating that the services are of the highest quality, provided by paid and volunteer staff who are properly trained and supervised. It means that the organisation is properly led and governed by Boards of Trustees who understand their role. It means that the service users have the ultimate say in deciding whether the service meets their needs. This whole organisational approach to performance improvement and management can appear daunting to smaller Third Sector organisations. However, this approach is nothing less than the beneficiaries deserve and which investors now expect. We recommend how, over a period of time, perhaps a number of years, Third Sector organisations can develop themselves to meet this challenge through the use of readily available quality assurance systems.

The second conclusion of this project is that there need to be indicators of performance which are understandable to the Investor (the public agency) the Provider (the Third Sector) and to the Beneficiary (the user of the service). Crucially, we recommend that the process of arriving at these indicators is as important as the indicators themselves. In other words the Investors, the Providers and the Beneficiaries should be involved in agreeing what these indicators should be. We also recommend that there is a vital role for the Board of Trustees to ensure that it is clear about the organisations' purpose before it begins the process of agreeing how the effectiveness of its services should be measured.

Throughout the report we make various recommendations, a number of which nudge the statutory agencies and the Third Sector into ever closer partnership working through the use of shared training, planning and review.

One feature which ran throughout the project was the confusion caused by the use of some terms, such as performance management, in different ways. We have provided a simple glossary in the hope that we may all end up speaking the same language.

The Report and the Toolkit emerged from a process of continuous consultation and review. The result, which has been piloted, has attracted positive feedback from organisations who see it as a useful resource to convince wary trustees and staff that their well developed governance arrangements are sound. It has also been welcomed by those who are taking their first steps into the world of Third Sector planning and improvement.

Finally, the infrastructure bodies in Wiltshire who collaborated in this work have recognised that they have two key roles to play going forward:

- **The first is that they set an example to the rest of the Third Sector by adopting the approach contained in this report for their own organisations.**
- **The second is in providing training opportunities to front line organisations who want to adopt this approach to performance improvement and management.**

Note: We have deliberately repeated some of the text contained in this Report in Section E which is the toolkit for measuring performance in the voluntary and community sector. The reason for this is that some organisations may want to get on and use the toolkit without reading the rest of the report. We hope that, like all well written video recorder guides, it is possible to get started quickly by just reading section E.

C The Performance management systems in place in the Third Sector

C1 Introduction

Two questions were repeated during the gathering of the information from the Third Sector about existing Performance Management (PM) systems:

- the first was “What do you mean by Performance Management?”
- the second was “We won’t end up with a cumbersome set of forms will we?”

These questions display concern about the existing expectations of funding bodies or commissioners of services (investors). In the public sector there was some concern about whether this work would upset existing PM systems which were developing quite well. In other words, whilst everyone was happy with the notion that a single, agreed, mutually acceptable system was a worthy goal there were concerns about who would have to change in order to fit in with the new way of working.

The members of the Consortium and the public agencies were asked to supply examples of current PM systems which they liked or which they thought would be useful. During this phase of the work certain characteristics of the ‘ideal’ PM system emerged. These included that PM should be:

- Proportionate
- Useful
- Developmental
- Simple

What also emerged was that there needed to be recognition that PM should have three separate and complementary characteristics. It should be capable of measuring:

- The quality of a service
- Outputs of the service
- The difference the service is making

Quality was said to include:

- Outcomes of the effort used in expending the resources
- The perception of the beneficiaries as to the impact of the service and
- The professionalism of the organisation and the people providing the services

Outputs were said to include:

- Volume of service provided
- Effectiveness in the use of resources

A recent review¹ of performance improvement models and tools revealed the following were in use to varying degrees across the UK:

Diagram 1

Performance improvement model or tool	Summary description
1. Balanced Scorecard	A multi-dimensional framework for managing strategy by linking objectives, initiatives, targets and performance measures across key corporate perspectives
2. The Big Picture	Organisational development framework and toolbox designed to make an organisation think about every aspect of its work and take action to improve it.
3. Business Process Reengineering	An approach to review and redesign organisational processes in order to achieve improved performance in terms of cost, quality of service and timeliness
4. Charter Mark	The Government's national standard and quality improvement scheme for customer service in the public sector
5. EFQM Excellence Model®	Organisational improvement framework for assessing strengths and areas for improvement across the spectrum of an organisation's activities
6. EFQM Excellence Model™ - Dolphin	Organisational improvement framework for conducting self-assessments. The Dolphin approach builds on the success of the EFQM Model® while greatly simplifying the process

¹ PMMI performance improvement models and tools, 2006. IDeA and Audit Commission joint project. www.idea-knowledge.gov.uk/performance

7. Investors in People	National standard for improving organisational performance by training and developing people to achieve organisational goals
8. ISO9001 Quality System	Global standard and approach for quality management systems. The standard focuses on the management of processes and documentation in order to meet customer needs and expectations
9. Kaizen Blitz	Short term and intensive performance improvement approach to improving business processes
10. Performance Prism	A stakeholder centric, three dimensional framework for performance measurement and management
11. PQASSO	Practical Quality Assurance System for Small Organisations, or projects within larger organisations based on a self assessment work pack
12. Public Service Excellence Model	Organisational improvement framework and diagnostic tool for identifying strengths and weaknesses within an organisation or programmes of work
13. Six Sigma	A disciplined methodology for process improvement that deploys a wide set of tools based on rigorous data analysis to identify sources of variation in performance and ways of reducing them
14. Statistical Process Control	A technique used to reduce waste and improve consistency through a reduction in variation
15. Value management	Organisational improvement framework incorporating a toolbox of proven methods that aim to raise productivity and optimise customer outcomes within the resources available

Of the 11 Third Sector organisations who were approached for this study 8 were able to supply examples of systems they currently used or were interested in using. Of these PQASSO was mentioned 5 times, Investors in People twice and the Balanced Scorecard once. By far the most common method of **assessing** performance is through the use of Service Level Agreements (SLA's). Agreed **outputs are itemised** in the SLA and an account of how funding is used is

expected. In a few examples there is an expectation on the part of funders that **outcomes** are defined and reported onⁱⁱ.

The position regarding Performance Management (PM) in Wiltshire for Infrastructure organisations is characterised by the following:

- The pressure to adopt a PM approach is coming, largely, from the Third Sector, not from the funding bodies
- Different uses of the same terms (performance management, outputs, outcomes, etc.) is a frequent occurrence
- The pace at which the voluntary sector organisations are developing PM varies.

Within this context there is also the debate about whether a PM system should include a whole organisational measurement and development tool or concentrate on the outputs (and, perhaps, outcomes) for the purposes of satisfying the SLA's in place. The approach favoured by some is that the adoption of an organisational PM system, such as PQASSO, can provide funders with evidence that the organisation is 'fit to practice' in the same way as a driving test entitles us to drive. This approach has the added advantage of ensuring that the organisation is routinely monitoring and improving all of its key functions from governance through to customer results.

Recommendation 1: That Wiltshire & Swindon Infrastructure Consortium (WSIC) adopts a whole system approach to Performance Management.

Selecting an appropriate model or tool ¹

Diagram 2

Scope	Model	Time	Resource	Staff involvement
Balanced Scorecard	Holistic model that can be used at various levels across the organisation, service, team or group.	Four to six months to implement depending on level of measurement in place	Low resource investment – often just facilitation costs and staff time	Inclusive if scorecards are cascaded and widely deployed
The Big Picture	Holistic model or focused on individual strands	Depends on the level of use – anything from a week to several months	The work pack costs around £50	Fully inclusive

Business Process Reengineering	Improvement tool used to bring about change in systems and people who operate them	Improvements anticipated in 6-12 months from the start of the project, although can be sooner for individual processes	Investment of resources can be high due to the intensive nature of the approach. External support often required	Inclusive of staff in the areas of activity being improved
Charter Mark	Holistic quality standard and improvement tool for customer service in public sector organisations	Depends on the state of readiness of the organisation	Costs depend on individual organisations being revised	Inclusive
EFQM Excellence Model®	Holistic self assessment model	Approx 35 staff days over six weeks	Can be resource intensive. Costs are estimated to be at least £4000-£5000 for external support per assessment	Fully inclusive. Involvement usually through facilitated staff workshops.
EFQM Model™ - Dolphin	Holistic self assessment model	Quick – can be undertaken in as little as a week Usually 2-4 weeks	Relatively low resource investment, but intensive if conducted over a short period of time	Level of inclusion varies depending on time taken.
Investors in People (IIP)	Processes supporting employee development	Six months to three years from commitment to achieving IIP	Assessors cost approx £550/day. Organisations of 50-100 people need three to four assessor days	Fully inclusive
ISO9001:2000 quality system	Processes and documentation	Implementation to assessment takes approx. six to nine months	Organisations of 60-70 would pay approx £3000 for the assessment and £1600 a year for audits	inclusive of staff in the areas of activity being improved
Kaizen Blitz	Processes or functions	Usually two to three months from conception to bedding in of new processes	Consultant costs within the region of £7000-10,000 per blitz event	Fully inclusive of staff in the areas of activity being blitzed
Performance Prism	Stakeholder centric-model	Up to approx 6 months to implement depending on strategies and performance measures in place	Relatively low resource investment. Independent facilitation may be required to maximize the effectiveness of workshop sessions.	Inclusive of organisational managers and stakeholders.

Practical Quality Assurance System for Small Organisations (PQASSO)	Holistic model. Can be applied to projects	Designed to be worked through incrementally - anything from 12 months to several years	Low resource investment. The work pack is approx £80	Inclusive.
Public Service Excellence Model	Holistic model. Can be applied to projects or programmes	Approx two to four months	Moderately resource intensive, less for programme assessments	Inclusive.
Six Sigma	Processes, functions or services	Black belt projects will normally take three to nine months	Costs vary depending on methods adopted and consultancy requirement	Inclusive of staff in areas of activity being improved
Statistical Process Control	Processes or functions	Less than 6 months to implement improvements to processes or functions	Moderately resource intensive. External support often required	Inclusive of staff in areas of activity being improved
Value Management	Organisations, projects or functions	Several months but varies depending on the breadth of application	Start up costs vary depending on training needed and consultancy requirement	Inclusive of staff in areas of activity being improved

¹ PMMI performance improvement models and tools, 2006. IDeA and Audit Commission joint project. www.idea-knowledge.gov.uk/performance

ⁱⁱ ESF monitoring form

Individual organisations will need to undertake research to decide on the approach or balance of approaches that would best suit their organisation and circumstances. It is unlikely that a single approach would address all their needs. However, one model, in particular, lends itself to the needs of WSIC at this time and for this reason the more recent reviewⁱ is shown here :

Practical Quality Assurance System for Small Organisations (PQASSO)

Background:

PQASSO is a quality assurance system that was produced by the Charities Evaluation Service (CES) specifically for small and medium sized voluntary and community sector organisations. It is a self assessment work pack that helps organisations - or projects within larger outfits – to take a systematic look at what they do and to decide exactly where improvements are needed. It was launched in 1997, and revised in 2000 to be more flexible and to show more transparent links with the EFQM Model.

PQASSO covers twelve standard quality areas, which organisations should address in order to operate efficiently and achieve good results. The twelve areas are:

1. Planning for quality
2. Governance
3. Management
4. User-centred service
5. Staff and volunteers
6. Training and development
7. Managing money
8. Managing resources
9. Managing activities
10. Networking and partnerships
11. Monitoring and evaluation
12. Results

Quality standards and indicators are defined for each area above. Organisations work through a comprehensive guidebook, collecting evidence against the twelve quality areas to determine to what degree the standard has been met.

Achievement is measured at three levels. Level 1 helps lay the foundations upon which an organisation can develop, including its legal requirements as a service provider and employer and levels 2 and 3 build upon this foundation. Action plans are generated from areas identified for improvement. In addition there is a CD ROM that supports the self assessment process and enables people to score the results of their self assessment, their action plans and evidence electronically.

The system is very flexible and is designed to be worked through over a period of time - anything from 12 months to several years.

PQASSO is currently a self assessment tool although the CES are looking at building peer review into the approach.

Objectives:

PQASSO aims to:

- help organisations to focus on what is important and plan and organise themselves more efficiently;
- determine their current quality of service against the standard;
- enable organisations to determine their strengths and plan their improvements;
- provide an organisational tool that is suitable for small organisations.

Scope:

PQASSO is a quality assurance system that enables an organisation to identify its current standard of service. It was developed by the voluntary sector for the voluntary sector. It is aimed at organisations employing between 1 and 20 people, although organisations of all sizes have had success in working with it, including large national 'umbrella' charities. Many users have adapted the system for their individual use.

How the model is used:

PQASSO has been used by organisations in many different ways. Very small organisations use it as a guide to establishing systems and procedures as they grow. Small to medium-sized organisations use the system to review performance in terms of service provision and function. Large organisations, or umbrella organisations, tend to use PQASSO with smaller charities or projects, while using holistic models like the EFQM excellence model® for organisational improvements. The standards in the PQASSO second edition have been reviewed and developed to facilitate this; in particular the 'results' standard was developed to help organisations to measure performance in key areas with level 3 linked to the EFQM Excellence Model®.

Organisations such as the Commission for Racial Equality (CRE), NCH Action for Children, National Association of Citizens Advice Bureaux (NACAB), Crossroads Caring for Carers, Homeless Link, Thrive and many others have tailored the system to fit their own purposes, in negotiation with CES. Local Authorities and Community Voluntary Services are using it as a model to help organisations meet the requirements of Best Value reviews, and as a base for capacity building programmes supported by European Social Funding initiatives. Birmingham Voluntary Services Council, who implemented the largest capacity building programme using the PQASSO based approach, went on to develop Quality First, a model for smaller local community groups (mainly organisations without paid staff). This tool has proved very successful, and is even being exported to Russia to help the development of their growing voluntary sector.

How widely is the model used?

PQASSO is now in its second edition. It is recognised as one of the foremost improvement approaches in the voluntary sector. CES have sold over 7,000 copies of PQASSO. Many use the system holistically while others have adapted the system for their own use.

Key strengths of the model

- the straightforward approach and ease of use of PQASSO allows organisations to approach improvement at their own pace, without costly consultancy fees;
- the work pack is relatively inexpensive at around £80;
- PQASSO is flexible and can be tailored to any organisation, project or team, including very small organisations with few staff;
- it brings people together to work for improvement and facilitates discussion to ensure all stakeholders are aware of organisational policies, procedures and plans;
- provides a clear, shared language for negotiating with funders.

Issues in implementation:

- lack of external accreditation can be seen as a weakness in the model in terms of its credibility. CES are currently looking to overcome this by introducing a peer review process;
- PQASSO's current use is limited primarily to Third Sector organisations, therefore to date there is little experience of wider use in the public sector.

Capacity and skills issues:

Use of PQASSO would have minimal impact in terms of skills and capabilities in an organisation. Time and limited resources in small or medium organisations would be an issue. Facilitation skills for group meetings would be necessary. CES support organisations by providing technical support, training and consultancy.

□ **To find out more** about the PQASSO contact the Charities Evaluation Service www.ces-vol.org.uk.

Recommendation 2: That WSIC considers adopting PQASSO as the preferred model of Performance Management for organisational governance and development

Recommendation 3: That investors learn about and appraise PQASSO for their purposes

D The Performance Management systems used by the statutory sector to measure Third Sector performance

Overview

Nine Local Authorities and Primary Care Trusts in Swindon and Wiltshire were approached for this survey. Their responses fell into one or more of the following:

- There is a recognised system of performance Management through the Service Level Agreements they have with the Third Sector
- There is so little funding at stake with some Third Sector organisations that it is not appropriate to impose a system of performance management
- There is much to be gained by developing a more uniform system of performance management across the County

There was some concern expressed that uniformity might affect already advanced developments in the area of information management. For example, one authority is pursuing the development of a new management information system from *performance soft* to replace an in house system which no longer meets their needs. The new system is now being implemented and is leading to:

- improved corporate reporting of performance with the availability of more robust up to date data
- more effective data management and
- the identification of other performance issues that have subsequently been addressed.

Although this approach to information management has been introduced to primarily meet internal corporate needs there is little doubt that the Third Sector will be affected when the performance management arrangements with them become more robust.

Recommendation 4: WSIC negotiates the development of a PM process which is compatible with Investor's emerging information systems

One area of the country which is well advanced in the use of this system, Lancashire County Council (LCC), recently reported the followingⁱⁱⁱ

“LCC is keen to develop a balanced scorecard approach to performance management in order to bring greater clarity and simplicity to existing arrangements. Some work has been done to take this forward but as we are in the process of developing a new Corporate Plan, with a corresponding review of performance indicators, the Balanced Scorecard will be developed in line with that process, due to be finalised by November 2005. We have however through discussions identified the probable “quadrants” that we will use as a basis for our scorecard, taking on board the need to mainstream

ⁱⁱⁱ PMMI Action Research Study, September 2005. Lancashire County Council

Certain elements in accordance with the revised CPA framework. The LCC scorecard quadrants are likely to be **Use of Resources, Customer, Process and VFM** as these quadrants cover the areas we feel are important to Lancashire County Council”.

Recommendation 5: Investors should consider developing a uniform method of information management with the Third Sector

This will be particularly important as Local Area Agreements unfold.

A further comment from the Lancashire example reveals:

‘The way the team has approached the project has demonstrated that involving services from the planning stage is useful not only to get a service dimension into discussions but also to ensure buy in and enthusiasm for any solutions which may come from these discussions. This is vital to ensure that new initiatives are embraced by directorates, rather than being seen simply as another initiative being forced from above’.

It is worth noting that the successful rollout of performance management is dependant on ‘buy in’ and that this principle should be applied to the Third Sector as well.

Recommendation 6: Investors should include the Third Sector in its PM training programmes

Performance measurement

A number of examples of how the Third Sector is performing against agreed measures were reviewed. Usually contained as an Appendix to a Service Level Agreement this is one example provided by a Council for Voluntary Service (CVS):

1. KEY STRATEGY/ PRIORITY THAT THE SERVICE MEETS

- Supporting the development and Implementation of Community Strategies
- Promoting Social Inclusion
- Best Value
- Promoting Independence
- Access to services and information
- Promoting effective communication links between the voluntary and statutory sectors

- Strengthening local community life
- Supporting development of statutory plans

2. KEY OBJECTIVE(S) OF THE SERVICES BEING PROVIDED

The five core objectives are:

- 2.1 **Development** – support sustainable development of organisations in the local voluntary and community sector, new projects and change in social needs
- 2.2 **Support** – provide support which will underpin the functioning and develop the capacity of local voluntary and community groups
- 2.3 **Liaison** – develop and maintain links across the voluntary and community, statutory and private sectors and promote the ability for all sectors to network and consult with each other
- 2.4 **Representation** – enable the diverse views of the local voluntary and community sector to be represented to local statutory bodies and others and, where appropriate, to be a conduit for this representation and to influence policy and practice
- 2.5 **Strategic Partnership Working** – to develop and maintain strategic partnership working as a means to ensure involvement and a strong voice from voluntary and community groups

3 SERVICES/INPUTS WHICH WILL BE PROVIDED

- 3.1 **Development**
 - Identify gaps in local voluntary and statutory provision
 - Contribute to monitoring unmet need and share this information between relevant agencies
 - Encourage the development of local provision for identified unmet need
 - Provide direct support to new and emerging groups
- 3.2 **Support**
 - Provide accessible, accurate, relevant information in various formats
 - Provide or signpost advice on a range of relevant topics, including fundraising
 - Provide or signpost a range of practical resources for local groups
 - Provide appropriate, accessible training and/or information on local training providers
 - Produce a Directory of local and relevant regional and national voluntary organisations
 - Promote local voluntary and community sector activity

- Monitor and evaluate information, advice and training services regularly

3.3 **Liaison**

- Have established a range of communication channels with voluntary and community, statutory and private agencies
- Provide opportunities for networking for voluntary and community groups
- Provide space in newsletter for information from local agencies and relevant policy items
- Have regular contact with other local development agencies, especially around common areas of work

3.4 **Representation**

- Have effective mechanisms for encouraging consultation with local groups
- Have opportunities for groups to respond to consultations
- Feedback to groups outcomes of consultations
- Arrange occasional meeting for the sector with local authority, relevant NHS bodies and other public sector agencies

3.5 **Strategic Partnership Working**

- Encourage and enable effective involvement of the local voluntary and community sector in strategic partnerships and LSPs where applicable
- Work with local groups and with statutory agencies to develop, monitor and evaluate the local Compact
- Inform voluntary and community sector of partnership developments
- Establish accountability for voluntary sector representatives

4 **OUTCOMES REQUIRED**

Demonstrate continuous improvement in services / inputs in some of the ways illustrated below:

- 4.1 **Development**
 - Gaps in local voluntary and statutory provision identified
 - Increased awareness of unmet need
 - Increased local provision to meet need
 - Increased sustainability and effectiveness of new and emerging groups
- 4.2 **Support**
 - Increased accessibility to accurate and relevant information
 - Further development and increased capacity of local groups
 - Increased accessibility to practical resources
 - Further development of local groups through training
 - Increased community awareness of local, regional and national provision
 - Raised profile of local activity
 - Evidenced quality of information, advice and training
- 4.3 **Liaison**
 - Increased effectiveness of communication channels with voluntary and community, statutory and private agencies
 - Increased opportunities for networking between local groups
 - Increased awareness of local groups and relevant policies
 - Improved communication and increased learning opportunities / sharing of best practice
- 4.4 **Representation**
 - Mechanisms in place for consultation
 - Increased opportunities for local groups to have their views heard
- 4.5 **Strategic Partnership Working**
 - Increased involvement of local groups in strategic decision making processes
 - On-going work on development of and awareness raising of local Compact
 - Increased awareness of partnership developments
 - Established accountability for voluntary sector representatives

5. WHO WILL BE PROVIDED WITH A SERVICE

- 5.1 **Eligibility and Criteria for service (including catchment area)**
 - Voluntary and community sector agencies within the District Council boundaries and groups and individuals who are members of the CVS
 - Statutory workers including front line staff (e.g. Care Managers), strategic planners and commissioners
 - Cross-boundary work with clients from other Wiltshire districts where applicable

5.2 Systems for referral (if applicable)

No referral is necessary. 'Service Users' are the members of the CVS and other appropriate contact between Voluntary and Community Sector organisations and the CVS.

6. WHERE/WHEN WILL THE SERVICE BE PROVIDED

Opening hours of office based at

10am -12.30pm Monday to Friday
2pm - 4pm Monday to Thursday.

Of note is the discipline in linking **objectives** to **inputs** and **outcomes**. This thread ensures that, in measuring the organisation's performance, it is also possible for the trustees, managers and staff to evaluate and improve the organisation and its activities against agreed objectives. This is important because a well governed Third Sector organisation ensures that the trustees agree the vision, the mission and the objectives which will take the organisation towards realising the vision. Reviewing the objectives in the light of new information is also part of the role of the trustees. These agreed objectives should coincide with the objectives agreed with funding bodies and commissioners of services from the Third Sector. When they do, the staff charged with meeting the objectives can be sure that, in doing so, performance will be monitored against the same objectives. Ideally, the same process which is used by the trustees for monitoring performance, will be that which reports to the funding bodies and commissioners.

Recommendation 7: Third Sector organisations should ensure that objectives are decided by their Board in pursuit of their vision and coincide with those contained in agreements with Investing bodies

In another example, this time in a Memorandum of Agreement, the funder specifies:

'The Service Provider agrees to complete and provide to The Council a service review form annually detailing:

1. Income and Expenditure
2. Service achievements during the year.
3. Outcomes achieved
4. Performance monitoring information
5. Organisational details
6. Details of any complaints received and outcomes'

There is very little guidance about what is meant by performance monitoring and there is no evidence of a link between objectives and outcomes.

In a further example a reporting form is attached:

A. Strategic Purpose: *(What priority or strategy of the Council does the service meet?)*.....

.....

B. Services Provided *(to be completed)*.....

.....

.....

.....

C. Outcomes Expected *(describe what outcomes will be achieved in the provision of this service and how they assist the Council in meeting its priorities)*.....

.....

.....

Whilst it is vital that the funder has their own strategic purposes met it would be useful if these were seen to be coinciding with those of the service provider.

In some agreements there is reference to **Best Value**;

13. Best Value

13.1 In accordance with Part 1 of the Local Government Act 1999 (Best Value) the County Council shall undertake regular reviews of the Services in accordance with the County Council wide commitment to continuous service improvement, having regard to a combination of economic efficiency and effectiveness.

13.2 The Service Provider shall achieve continuous improvement and best value, as referred to in the Local Government Act 1999, in the delivery of the Services for the duration of this Agreement.

This clearly calls for a system of regular organisational review on the part of the funded organisation such as that described in the PQASSO process.

<p>Recommendation 8: In measuring performance the Third Sector should provide evidence of having a clear overall purpose based on an understanding of the needs of stakeholders</p>
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E A toolkit for measuring performance in the Third Sector

Please note that because organisations in the voluntary sector are known sometimes as charities, as not for profit or as VCS bodies this Report refers to them throughout as the Third Sector.

This toolkit has been developed following consultation between the Third Sector Infrastructure organisations in Wiltshire and Swindon and the local authorities and primary care trusts responsible for providing them with funds. Varied methods of monitoring the use of these funds were in place at the time of the consultation and it was agreed that a single uniform method of assessing performance in the use of the funds would be beneficial for the following reasons:

- Third Sector organisations would not have to collect similar data in different ways to meet the varied commissioners formats
- Funding organisations would be able to collaborate more efficiently in multiple partnership arrangements with the Third Sector
- Funding organisations would be able to compare effectiveness of their investments on a like for like basis and encourage best practice and best value arrangements.

This toolkit consists of **two** key elements:

- 1. The PQASSO quality assurance system (which is the preferred model but not the only one)**
- 2. Performance indicators**

1 The PQASSO quality assurance system

PQASSO (Practical Quality Assurance System for Small Organisations) is a quality assurance system that was produced by the Charities Evaluation Service (CES) specifically for small and medium sized voluntary and community sector organisations. It is a self assessment work pack that helps organisations - or projects within larger outfits – to take a systematic look at what they do and to decide exactly where improvements are needed. It was launched in 1997, and revised in 2000 to be more flexible and to show more transparent links with the EFQM Model.

PQASSO covers twelve standard quality areas, which organisations should address in order to operate efficiently and achieve good results. The twelve areas are:

1. Planning for quality
2. Governance
3. Management

4. User-centred service
5. Staff and volunteers
6. Training and development
7. Managing money
8. Managing resources
9. Managing activities
10. Networking and partnerships
11. Monitoring and evaluation
12. Results

Quality standards and indicators are defined for each area above. Organisations work through a comprehensive guidebook, collecting evidence against the twelve quality areas to determine to what degree the standard has been met. Achievement is measured at three levels.

- Level 1 helps lay the foundations upon which an organisation can develop, including its legal requirements as a service provider and employer and
- levels 2 and 3 build upon this foundation.

Action plans are generated from areas identified for improvement. In addition there is a CD ROM that supports the self assessment process and enables people to score the results of their self assessment, their action plans and evidence electronically.

The system is very flexible and is designed to be worked through over a period of time - anything from 12 months to several years.

This built in flexibility lends itself well to the position of the Third Sector in Swindon and Wiltshire. For example, a Service Level Agreement with one voluntary organisation might seek progress in Area 1 to Level 1 in the first year. Another more developed organisation might agree to work towards Level 2 or 3 across all 12 Areas.

2 Performance Indicators

It is widely acknowledged that the level of performance management should be proportionate to the size and complexity of the organisation receiving the funds as well as the level of funding it is receiving. For this reason the number of **key performance indicators** will vary according to the size and maturity of the organisation.

The **process** of arriving at the key performance indicators is as important as the indicators themselves. In measuring the organisation's performance, it should be possible for the trustees, managers and staff to evaluate and improve the organisation and its activities against agreed objectives. This is important because a well governed voluntary organisation ensures that the trustees agree the vision, the mission and the objectives which will take the organisation towards realising the vision. Reviewing the objectives in the light of new information is also part of the role of the trustees. **These agreed objectives should coincide with the objectives agreed with funding**

bodies and commissioners of services from the Third Sector. When they do the staff charged with meeting the objectives can be sure that, in doing so, performance will be monitored against the same objectives. Ideally, the same process which is used by the trustees for monitoring performance will be that which reports to the funding bodies and commissioners.

The process of arriving at the key performance indicators is as follows:

- The Board of Trustees should agree the **Vision, the Mission** and the **Values** of their organisation
- The Board should then identify which **Objectives** they wish to see pursued which will take the organisation towards its Vision
- The agreed objectives should be discussed with the Chief Officer to clarify understanding and then s/he should be asked to produce an **Action Plan** detailing how the objectives will be achieved
- The Action Plan should specify, for each objective, the **Inputs, Outputs, Outcomes and Risks.**
- Progress towards the achievement of the objectives should be **reviewed** with the Board at least twice a year

Most organisations working in the Third Sector, who have Service Level Agreements develop Action Plans based on their discussions and agreements with Investing bodies about outputs. This means that they may agree the outputs without relating them to meeting the Third Sector organisational objectives. The process described above reduces this risk by ensuring that outputs expected by Investors are consistent with organisational objectives and ethos. In adopting this framework there is bound to be a degree of organisational 'catch up' by some Boards of Trustees (and by some Investors, too) in order to restate their organisational vision, mission, values and objectives as well as to Risk Management and Full Cost Recovery. However, once completed both they and their Investors can be sure that they are negotiating from a common understanding about organisational vision and objectives. Most funding bodies in this survey spell out how the funded activity meets **their** corporate objectives. This framework merely calls for the same approach to be adopted in relation to the Third Sector. In addition, this approach assists the Third Sector in meeting its annual legal obligations under SORP (Statement of Recommended Practice).

Recommendation 9: Staff from investing bodies such as local authorities should be suitably trained and experienced in this and other approaches to Performance Management in their work with the Third Sector

This framework is not inflexible. If, for example, mid way through a financial year a source of revenue becomes available which was not thought possible earlier then the Board can add to or restate its objectives if it is felt that the new funds take the organisation towards its vision in a manner consistent with its values.

A timetable for planning this process could be:

Diagram 3

Time	Purpose	By whom
October	Define objectives for the forthcoming year which achieve the vision and values	Board
November	Discuss and, if necessary amend objectives with Chief Officer	Board & Chief Officer
December	Agree inputs, outputs and outcomes (which match objectives) with funders	Funder(s) & Chief Officer
January	Produce action plan for Trustees and funders and amend if necessary	Chief Officer
February/March	Produce risk management plan for Trustees for forthcoming year	Chief Officer
March	Review previous years risk management plan	Board & Chief Officer
April	Review performance against previous years objectives and clarify learning opportunities	1. Board with Chief Officer 2. Chief Officer with funders
September/ October	Review first 6 months performance against agreed objectives with Trustees and funders	Chief Officer
October	Review this years risk management plan	Board & Chief Officer

Template for performance managing an SLA with a THIRD SECTOR organisation (with example)

Diagram 4

Objective	Input	Output	Target	Outcome	Indicator
Ensure that local people are advised about benefits	£35k Bassetshire C.C. £5k Durgan B.C.	1. Office open to the public 2. People advised at Centre	1. 35 hours per week 2. 320	1. Clients apply for new benefits 2. Local people know of service	1. 65% gain new benefits 2. 40% of random sample have knowledge

Template for Managing Risk (with example)

Diagram 5

Objective	Activity	Risk (H, M or L)	Mitigating action	Lead
Ensure that local people are advised about benefits	1. Advice session at Centre 2. Leaflets supplied 3. Service not widely known	1. Building not available (L) 2. Leaflets out of date (M) 3. Poor marketing (H)	1. Find alternative 2. Review 6 monthly 3. Develop marketing strategy	1. C.O. 2. Benefits worker 3. Benefits worker

The purpose of reviewing risk is to move as many as possible risks from the High (H) category to the Medium (M) following the mitigating actions.

F Glossary of terms

One of the most common problems encountered with inter agency working is that the same terms are used in different ways and, sometimes, different terms are used interchangeably. Below are suggested uses of certain terms contained within this document. **It is, however, more important to arrive at agreed use of different terms between (and within) organisations working together than it is to agree with this list.**

- **Performance improvement:** Meeting more needs more effectively and creating better quality organisations.
- **Performance management:** The tools and processes which guarantee improvements in performance
- **Vision:** A compelling, conceptual image of the desired future which should reflect constitutional aims
- **Mission:** A brief, comprehensive statement of purpose
- **Values:** The beliefs and professional characteristics which, taken together, bind the people working for the organisation together
- **Objectives** The steps or programmes which take the organisation towards achieving its vision
- **Inputs:** include resources dedicated to or consumed by a programme
- **Outputs:** The direct products of programme activities being undertaken in pursuit of the objective
- **Outcomes:** Benefits or changes for individuals or populations during or after participating in programme activities
- **Indicators:** Items of data tracked to measure how well a programme is achieving its outcome
- **Targets:** Objectives for a programme's level of achievement

For example, in a youth development programme that has the **vision** of making the world of work a better place for young people its **mission** could be to create career opportunities for young people. An **objective** could be to broaden young people's views about their careers. An **input** might be using mentors to work with young people to achieve an **output** of mentoring sessions with them and an **outcome** that participants develop expanded views of their career options. An **indicator** of how well the programme is succeeding on this outcome could be the number and per cent of participants who list more careers of interest to them at the end of the programme than they did at the beginning of the programme. A **target** might be that 40 per cent of participants list at least two more careers after completing the programme than they did when they started it.

G References

ⁱ PMMI performance improvement models and tools, 2006. IDeA and Audit Commission joint project. www.idea-knowledge.gov.uk/performance

ⁱⁱ ESF monitoring form

ⁱⁱⁱ PMMI Action Research Study, September 2005. Lancashire County Council

H Sources of Help and Advice

Charities Evaluation Services

4 Coldbath Square
London EC1R 5HL
Tel: 020 7713 5692
www.ces-vol.org.uk
e.mail enquiries@ces-vol.org.uk

National Association of Voluntary and Community Action

177 Arundel Street
Sheffield S1 2NU
Tel 0114 278 6636
Fax 0114 278 7004
Textphone 0114 278 7025
General Administration and Enquiries: *navca@navca.org.uk*
Website Enquiries: *webadmin@navca.org.uk*

The Governance Hub

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Performance Hub

4 Coldbath Square
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EC1R 5HL

For general enquiries about the Hub and performance improvement approaches, contact the Helpline.

Freephone: 0800 652 5787

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The helpline is open Monday to Friday, 9am to 6pm

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