

**Report to Finance and Performance
Management Standing Scrutiny
Panel**

Date of meeting: 2 August 2005

Portfolio: Finance and Performance Management

Subject: Best Value And Local Performance Indicators 2005/06

Officer contact for further information: S Tautz

Committee Secretary: Simon Hill (Ext 4249)



Recommendation:

That the Scrutiny Panel consider options for the future monitoring of the council's performance in relation to Best Value and Local Performance Indicators.

1. (Head of Human Resources and Performance Management) All local authorities are statutorily required to monitor their performance in relation to a range of Best Value Performance Indicators (BVPIs). BVPIs were first introduced in 2000/01 and apply to metropolitan authorities, London Boroughs, unitary authorities, county councils and district/borough councils, although the nature of the indicators applied varies between different types of authority. BVPIs are set by the Government across the spectrum of local government services to reflect national priorities, and are reviewed and prescribed annually by the Office of the Deputy Prime Minister (ODPM). Targets for the achievement of BVPIs are identified nationally by ODPM or set locally by individual authorities for a period of three years to facilitate year on year improvements. Performance targets are an important driver for improvement and allow authorities, customers and partners to judge performance and plan for any action that is necessary to achieve desired outcomes.
2. Annual performance against each of the indicators and targets is required to be submitted to the Audit Commission at the close of each financial year and reported in the Best Value Performance Plan (BVPP) published each June. Outturn data is subject to formal audit by each authority's appointed auditor, which in the case of Epping Forest District Council is the Audit Commission (formerly known as District Audit) itself.
3. In addition to BVPIs, local authorities are encouraged to develop and utilise Local Performance Indicators (LPIs) to reflect local priorities and help demonstrate how they are responding to local issues. The Government considers that LPIs are an important measure of local performance and of the responsiveness of an authority to meet local needs, and that they allow councils to reflect local priorities and to tailor best value to suit local circumstances. Although LPIs are not statutory, ODPM recommends that an appropriate range of indicators should be adopted and that, as with BVPIs, targets for improvement should be set and performance monitored. Annual performance against LPIs is not required to be submitted to the Audit Commission and is generally audited by the council's Internal Audit Unit.
6. As the Scrutiny Panel will be aware, as part of the council's adopted Performance

Management Framework, performance against all BVPIs and LPIs is traditionally monitored on a quarterly basis throughout each year. The former overview and scrutiny committees previously undertook this monitoring role, in-line with the three-monthly monitoring undertaken by the officer Corporate Programme Groups chaired by the Joint Chief Executives and regular BVPI performance reviews now undertaken between Management Board and individual Heads of Service.

4. In response to member requests, best practice and weaknesses identified by the council's Comprehensive Performance Assessment in February 2004, revised arrangements for reporting BVPI and LPI performance were introduced towards the end of 2004 in order to simplify this part of the performance management process and to make monitoring more meaningful and focused. These new reporting arrangements incorporate 'traffic lights' to easily identify the performance of individual indicators, comments of Heads of Service on progress against targets and, where appropriate, proposals for corrective action where it is anticipated that targets will not be met.

Key Performance Indicators

6. At its meeting on 6 June 2005, the Cabinet adopted an objective as part of the Executive work programme for 2005/06, for performance against 40% of all BVPIs for the year to be in the top 25% of district councils (the top quartile). For 2004/05 it is estimated that fourteen BVPIs achieved top quartile performance, although significant revisions have been made to the BVPI set for 2005/06 by ODPM and outturns for the year are currently being audited. For 2005/06 there are a total of 74 indicators for which national quartile data will be published by the Audit Commission, which means that 30 BVPIs need to achieve this level of performance. Details of all BVPIs for 2005/06 are set out in Appendix 1 to this report.
9. Management Board and Senior Management Team have recently reviewed the BVPIs for 2005/06 in order to identify appropriate high priority performance indicators for the year. These BVPIs are highlighted in grey shading in the first column of Appendix 1. At its next meeting the Cabinet will be requested to consider the adoption of these BVPIs as the council's 'Key' performance indicators for 2005/06. The highlighted indicators are crucial to the authority's core business and its corporate priorities, and the aim of choosing these indicators is to focus improvement actions on these areas and move each into the top quartile if possible. A copy of Appendix 1 showing the traffic lights in colour, has been placed in the Members' Room.
7. Appendix 1 additionally shows the performance of those 2005/06 BVPIs that were also required to be collected in 2004/05 against the respective performance quartiles using the 'traffic light' coding. It will be noted that some BVPIs are already at top quartile performance, whereas others are at the bottom or middle quartile. Appendix 2 to this report details the LPIs adopted for 2005/06. Quartile comparisons are not available for LPIs.

Monitoring

9. In light of the proposed adoption of key performance indicators for 2005/06, it is also necessary to consider how BVPIs and LPIs should in future be monitored, with a view to securing ongoing improvement in performance. Heads of Service have been instructed to prepare plans to secure (or maintain) improvement for each proposed key BVPI, and in doing so identify any operational changes or additional resource requirements (if any) that might be needed. These plans will set out timescales for the improvements to take place and milestones/targets to be met towards achieving top quartile performance, and will be agreed by Management Board. For 2006/07 onwards, each Key BVPI will be set a target of achieving top quartile performance and no local

targets will be set, the aim being to achieve national top quartile performance within a specified period of time. To facilitate improvement a named officer will be designated as having overall responsibility under the Head of Service for performance improvement for each BVPI.

10. In view of the corporate importance to be attached to the key BVPIs, Management Board considers that performance against these indicators should be monitored by the relevant portfolio holder on a quarterly basis in the first instance, and that the Board should monitor progress in achieving the improvement plans for each indicator on a similar frequency.
11. Amongst other matters within its terms of reference, the Scrutiny Panel has assumed the BVPI and LPI monitoring role of the former overview and scrutiny committees. Although it is proposed that performance against the Key BVPIs should be monitored by the relevant portfolio holder, the Cabinet will not be part of this process and the Panel is therefore requested to consider how, to what extent and at what frequency it wishes to monitor BVPI and LPI performance. It is considered important for members to be involved in the management of the council's performance and the continued regular formal reporting of all or selected performance information to overview and scrutiny (through the auspices of the Standing Panel) or portfolio holders would offer members an opportunity to focus on areas where improvement may be required or further action necessary.
12. Notwithstanding the proposed selection of Key BVPIs for 2005/06, the council has a duty to continue to seek improvement in all remaining indicators. Whether or not and in what format performance information continues to be reported to members, the reporting of BVPI data to the Audit Commission and within the BVPP is a statutory function and it will remain necessary for this information to be collected by Heads of Service. Arrangements for the wider member reporting of performance information in respect of any BVPIs and LPIs that are not to be subject to formal monitoring by either the respective portfolio holder or the Scrutiny Panel therefore need to be introduced, for example through the Member's Bulletin or by way of reports deposited in the Members' Room.
13. It is suggested that in future the Scrutiny Panel should undertake quarterly overview monitoring only of all Key BVPIs, and not receive performance reports on any other BVPIs or LPIs. This approach would provide for independent scrutiny of the council's performance in high-priority areas and enable portfolio holders to be held to account over performance of the Key BVPIs, although members should note that this would not provide for any formal member scrutiny of other (i.e. non-Key) BVPIs or any LPIs.
14. This Panel is requested to consider this proposed approach to future performance monitoring, or to identify any additional options for the quarterly review of BVPI and LPI performance, including arrangements for the wider member reporting of performance information in respect of any BVPIs and LPIs that are not to be subject to formal monitoring by either the respective portfolio holder or the Scrutiny Panel.