

Report to Finance and Performance Management Scrutiny Panel

Date of Meeting: 9 December 2010



Portfolio: Performance Management (Councillor R. Bassett)

Subject: National Indicator Set – Abolition and Review

Officer contact for further information: S. Tautz (01992 564180)

Democratic Services Officer: A. Hendry (01992 564246)

Recommendations/Decisions Required:

- (1) That the abolition of the National Indicator Set be noted;**
- (2) That, subject to the views of the Finance and Performance Management Cabinet Committee, monitoring and member reporting of each of the National Indicators forming part of the Council's adopted Key Performance Indicator set for 2010/11, continue until the end of the year;**
- (3) That, as part of a review of the National Indicator Set, the Scrutiny Panel provisionally identify those existing Key Performance Indicators that should be retained for 2011/12; and**
- (4) That, subject to recommendation (3) above, proposed Local Performance Indicator 24(c) (User Satisfaction With The Council's Website), be adopted as a new Key Performance Indicator for 2011/12.**

Executive Summary:

1. (Office of the Deputy Chief Executive) Pursuant to the Local Government Act 1999, the Council is required to make arrangements to secure continuous improvement in the way in which its functions and services are exercised, having regard to a combination of economy, efficiency and effectiveness.

2. As part of the duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's activities and key objectives are adopted each year. Performance against the KPIs is monitored on a quarterly basis by Management Board and the Finance and Performance Management Scrutiny Panel, and has previously been an inspection theme in external judgements of the overall performance of the authority.

Reasons for Proposed Decision:

3. It is important that relevant performance management processes are in place to review and monitor performance against the Council's key objectives, to ensure their continued achievability and relevance, and to identify proposals for appropriate corrective action in areas of under performance.

Other Options for Action:

4. No other options are appropriate in this respect. Failure to monitor and review performance against key objectives and to take corrective action where necessary, could have negative implications for judgements made about the Council in corporate assessment processes, and might mean that opportunities for improvement were lost.

Report:

5. The Scrutiny Panel will be aware that a range of thirty-one Key Performance Indicators (KPI) have been adopted for the 2010/11, comprising a mixture of National Indicators and Local Performance Indicators. Improvement plans have been produced for each of the KPIs, setting out actions to be implemented in order to achieve or maintain target performance, and to reflect changes in service delivery. In adopting the KPIs for 2010/11, a corporate target was set for the achievement of improvement against 70.00% of the indicators for the year. Details of the indicators are included in the second quarter KPI performance monitoring report for 2010/11, to be found elsewhere in this agenda.

6. The Secretary of State for Communities and Local Government has recently written to the Leaders and Chief Executives of all local authorities, setting out changes to existing performance arrangements. A copy of the letter from the Secretary of State is attached as Appendix 1 to this report. The new arrangements detailed by the Secretary of State, provide for the revocation of statutory requirements to participate in the Local Area Agreement process, and the replacement of the existing National Indicator Set with a single list of data required to be provided to the Government by local authorities. This report addresses issues around the future of the National Indicator Set only.

7. It is clear from the Secretary of State's letter, that the abolition of the Local Area Agreement process takes effect immediately. However, the position is less certain with regard to the National Indicator Set, which appears to remain in force until 31 March 2011. This position is supported by guidance published by the Audit Commission, which indicates that data collection for the National Indicators will continue unless the Government makes specific announcements on individual indicators. Since the Secretary of State announced the demise of the National Indicator Set, the Department for Communities and Local Government has confirmed that local authorities will not be required to submit efficiency savings data through National Indicator 179 (Value For Money) in 2010/11. Additionally, the Department for the Environment, Food and Rural Affairs has reviewed the value of continuing to report NI 188 (Climate Change) data, and has advised that local authorities are no longer be required to report relevant data to the Government. These indicators have therefore clearly been 'deleted', although no specific guidance has been issued in respect of any of the remaining National Indicators.

8. Whatever the exact position with regard to the cessation of the National Indicator Set, it is considered appropriate for the Council to continue to monitor and internally report performance against each of the National Indicators that form part of it's adopted KPI set until the end of 2010/11, even if not formally required to do so for the purpose of submitting performance returns to the Government. A number of the existing National Indicators are used as performance measures for the Council's Key Objectives for 2010/11, and therefore clearly need to be retained until at least the end of the year. The majority of Essex authorities are similarly unclear about the current status of the National Indicator Set (with the exception of NI 179 and NI 188), but most are generally intending to continue to monitor performance against the indicators for the remainder of the year, where these are used to monitor service delivery. However, some authorities are intending to immediately cease the collection and reporting of data for National Indicators that are regarded as being resource intensive or of limited value.

9. In the absence of any guidance to suggest the immediate demise of the remainder of the National Indicator Set, Management Board has recently considered whether monitoring and reporting of the existing KPI set should continue until the end of 2010/11. Given the original intention of the KPIs to secure improved performance in key areas and the use of certain indicators to measure performance against the Key Objectives for 2010/11, the Board has recommended that for the time being, all of the existing KPIs (including NI 179 and NI 188) should remain in force for the remainder of the year, even if further individual indicators are subsequently deleted by the Government over the remaining four months of the year.

10. Since the changes to existing performance arrangements were announced by the Secretary of State, a review of the existing KPI set has been undertaken to identify any National Indicators that could be deleted as KPIs for 2011/12, on the grounds that data collection is resource intensive or over burdensome, or where issues of limited value and validity have arisen in respect of data previously collected. As part of this review process, Service Directors have been asked to highlight ongoing and future activities in the areas where KPIs may be deleted, in order to ensure that the Council maintains appropriate focus on key areas in the absence of corporate assessment or centralised performance reporting arrangements. This exercise has resulted in proposals for some National Indicators to be carried forward into 2011/12 as Local Performance Indicators, as was previously the case with the cessation of the Best Value Performance Indicator regime in 2007/08. As with Local Area Agreements, the Government's new arrangements allow for National Indicators to be retained on a local basis, without the need for central performance reporting.

11. The results of this review exercise are attached as Appendix 2 to this report, and the Scrutiny Panel is requested to provisionally agree the adoption of identified indicators as KPIs for 2011/12. In accordance with established arrangements, proposed targets for the KPIs for 2011/12 will be considered at the meeting of the Scrutiny Panel to be held in March 2011, based on third quarter performance (to 31 December 2010) and the anticipated outturn of the year. Improvement plans will be produced for each of the KPIs, setting out actions to be implemented in order to achieve or maintain target performance, and to reflect year on year changes in service delivery.

12. Notwithstanding the demise of the National Indicator Set (whenever this may formally take effect), the annual identification of KPIs provides an opportunity for the Council to focus specific attention on how areas for improvement will be addressed, opportunities exploited and better outcomes delivered for local people. For the future, it will remain important that relevant performance management processes are in place to review and monitor performance against the Council's objectives, to ensure their continued achievability and relevance, and to identify proposals for appropriate corrective action in areas of under performance.

13. It is also essential to note that the changes to existing performance arrangements announced by the Secretary of State for Communities and Local Government, do not remove the Council's duty to illustrate value for money in the provision of its services. As part of the annual governance report, the Council's external auditors will still be required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the authority's use of resources (i.e value for money).

14. A further report will be made to the Scrutiny Panel once the Government's requirements for data to be provided by local authorities from April 2011, in place of the National Indicator Set, has been published.

Resource Implications:

The review of the National Indicator Set will be met from within existing resources.

Legal and Governance Implications:

There are no legal implications or Human Rights Act issues arising from this report, which seeks to ensure that appropriate arrangements are in place to secure continuous improvement in the way in which the Council's functions and services are exercised.

Safer, Cleaner and Greener Implications:

There are no legal implications arising from this report in respect of the Council's commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative, or any Crime and Disorder issues within the district.

Consultation Undertaken:

The content of this report has been considered by Management Board, and the report was made available to the Performance Management Portfolio Holder in advance of the preparation of this agenda. The review of the National Indicator Set will be considered by Management Board and the Finance and Performance Management Cabinet Committee and Scrutiny Panel, in January 2011.

Background Papers:

None.

Impact Assessments:

Risk Management

A failure on the part of the Council to monitor and review performance against key objectives and to take corrective action where necessary, could mean that opportunities for improvement were lost, and might adversely affect the reputation of the authority.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?

No. However, the respective Service Director will identify any equality issues arising from proposals for corrective action in respect of current or future areas of KPI under-performance

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group? N/A