

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

Date of Meeting: 21 June 2011



Portfolio: Finance and Economic Development (Councillor G. Mohindra))

Subject: Key Performance Indicators 2010/11 - Outturn

Officer contact for further information: S. Tautz (Ext 4180)

Democratic Services Officer: A. Hendry (Ext 4246)

Recommendations/Decisions Required:

- (1) That the Scrutiny Panel consider the Council's outturn performance for 2010/11, in relation to the Key Performance Indicators adopted for the year;
- (2) That, subject to the concurrence of the Finance and Performance Management Cabinet Committee:
 - (a) KPI 05 (Avoidable Contact) be deleted as a Key Performance Indicator for 2011/12;
 - (b) the proposed arrangements for the revision of Key Performance Indicators KPI 01 (Equality Framework for Local Government), KPI 58 (CO² Reduction from Local Authority Operations) and KPI 59 (Fuel Poverty) for 2011/12, be agreed; and
 - (c) a corporate target be set for the achievement of year-on-year improvement against the adopted Key Performance Indicators for 2011/12.

Executive Summary:

1. 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 services 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. 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.

4. A number of the KPIs are used as performance measures for the Council's annual Key Objectives. It is important that relevant performance management processes are in place to review and monitor performance against the 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:

5. No other options are appropriate in this respect. Failure to monitor and review performance against the KPIs and to take corrective action where necessary, could have negative implications for judgements made about the Council, and might mean that opportunities for improvement were lost. The Council has previously agreed arrangements for monitoring progress against the achievement of targets set for the KPIs.

Report:

Background

6. (Acting Chief Executive) As the Scrutiny Panel will be aware, a range of forty-eight Key Performance Indicators (KPIs) were adopted for 2010/11. The KPIs are important to the Council's services, and reflect its Key Objectives for each year. The KPIs comprise a mixture of statutory (until 31 March 2011) National Indicators (NI) and Local Performance Indicators (LPI), a number of which are former statutory indicators. The aim of the KPIs is to focus improvement on services and Key Objectives and achieve comparable performance with that of the top performing local authorities (where appropriate), and to then maintain or improve further on that level of performance. In adopting the KPIs for 2010/11, a target was set for at least 70% to achieve target performance by the end of the year.

7. Improvement plans are produced for the KPIs each year, which also contain details of service costs, and contribute to the Council's annual business planning process. Progress in achieving target performance in respect of the KPIs is reported to the Scrutiny Panel and the relevant Portfolio Holder at the conclusion of each quarter (where appropriate) and at year-end.

8. Members will recall that the Secretary of State for Communities and Local Government announced changes to existing performance arrangements in October 2010, including the cessation of the National Indicator Set. Whilst the majority of the NIs continued until 31 March 2011, several were ceased by government departments in the aftermath of the Secretary of State's announcement, and the requirement for the Council to collect and report data against the following indicators for 2010/11 was subsequently removed during the year:

- NI 179 Value for money
- NI 182 Business satisfaction with local authority regulation services
- NI 185 CO² reduction from local authority operations
- NI 186 CO² reduction in the local authority area
- NI 187 Tackling fuel poverty
- NI 188 Planning to adapt to climate change
- NI 189 Flood and coastal erosion risk management
- NI 194 Air quality (local authority estate and operations)

9. These eight KPIs have therefore been removed from the reporting requirement for 2010/11, bringing the reportable indicator total down to forty KPI for the year. Outturn performance in respect of one KPI (LPI 23 – Capital Projects) has not yet been submitted.

10. The outturn position with regard to the achievement of target performance for the KPIs for 2010/11 is as follows:

- (a) 25 (62.5%) achieved the performance target for 2010/11;
- (b) 14 (35.0%) did not achieve the performance target for 2010/11;
- (c) 1 (2.5%) cannot be reported as outturn performance has not yet been submitted for 2010/11.

11. The Council did not therefore achieve its overall aim of achieving target performance for at least 70% of the KPIs for 2010/11. However, of the 14 KPIs that did not achieve the performance target for 2010/11, the outturn for 7 (50.0%) indicators was within 5% of the target for the year, of which 2 (28.5%) achieved an improvement in performance compared with 2009/10. Of the remaining 12 KPIs that did not achieve the performance target for 2010/11, none achieved an improvement in performance compared with 2009/10.

12. Detailed outturn (1 April 2010 to 31 March 2011) performance reports in respect of each of the KPIs for 2010/11 are attached as Appendix 1 to this agenda. A headline outturn report in respect of the KPIs will be made to the Finance and Performance Management Cabinet Committee at its meeting on 20 June 2011.

Key Performance Indicators 2011/12

13. The Scrutiny Panel and the Finance and Performance Management Cabinet Committee have previously agreed proposals for a revised set of KPIs for 2011/12. details of which are set out at Appendix 2. In order to reflect the cessation of the former National Indicator set from 1 April 2011, a re-numbering exercise has been undertaken in respect of the references for these indicators. However, since their adoption, a number of issues have since arisen with regard to some of the KPIs for 2011/12:

(a) KPI 01 (formerly LPI 01) - Equality Framework for Local Government

14. The Equality Framework for Local Government (EFLG) seeks to deliver continuous improvement in relation to fair employment outcomes and equal access to services. The EFLG assesses local authority performance at three levels, (Level 1 – ‘Developing’; Level 2 – ‘Achieving’; and Level 3 – ‘Excellent’), where Level 3 represents best performance.

15. Performance against the EFLG is a self-assessment measure. However, self-assessment at the ‘Achieving’ and ‘Excellent’ levels is required to be validated by a formal peer challenge process managed by Local Government Improvement and Development. The Council undertook an external evaluation of its performance against the EFLG in March 2010, which indicated that it might be in a position to seek accreditation to Level 2 towards the end of 2010/11, and a target of the achievement of Level 2 was set for KPI 01 for 2010/11.

16. The current cost of the peer challenge for Level 2 of the EFLG (£4,300) is considered an unacceptable expense in the current financial climate. Although options are being investigated for alternative peer accreditation or ‘critical friend’ assessment approaches in order to determine improvement against the EFLG, these are unlikely to come to fruition in the short-term. The Scrutiny Panel and the Finance and Performance Management Cabinet Committee have previously agreed the retention of this indicator as a KPI for 2011/12 but, as the Council currently cannot therefore formally confirm its performance against the Equality Framework, it is considered appropriate to revise KPI 01 for 2011/12 to reflect that performance will be reported on the basis of an unvalidated self-assessment only.

17. It is important for the Council to ensure a continued focus on the achievement of its statutory equality duties in the absence of any formal accreditation against the EFLG. The

recommendations of the external assessment undertaken in March 2010 are being progressed by the Corporate Equality Working Group, but have not yet been fully completed. In the circumstances, it is proposed that the target of the achievement of Level 2 of the EFLG for KPI 01 be retained for 2011/12, and that the results of the outturn self-assessment be reported to the Scrutiny Panel each year. The results of the self-assessment exercise for 2010/11 are reported elsewhere in this agenda.

(b) KPI 05 (formerly NI 14) - Avoidable Contact

18. Members have previously agreed that the Council's efforts to reduce avoidable contact should continue, notwithstanding that the statutory requirement to undertake such work was removed as a National Indicator during 2009/10. To this end, the former Corporate Executive Forum established an officer level Working Party to progress work in this area. At the meeting of the Scrutiny Panel in September 2010, an action plan resulting from the outcomes of data collection for 2009/10 was considered, and a programme of avoidable contact exercises was introduced from the third quarter of 2010/11. The results of these data collection exercises will also be reported to the Scrutiny Panel at its meeting on 21 June 2011.

19. The results of the avoidable contact exercises for 2010/11 indicate that there are areas of customer service that could benefit from additional work, particularly around e-mail spam, signposting and the use of outlying offices. Management Board considers that this work would best be taken forward by a new Customer Services Working Party (to replace the existing Avoidable Contact Working Party) given the Council's other current priorities, so as to enable a broader view of customer service needs to be undertaken taken. As a result, the Board also considers that further work in respect of avoidable contact should be ceased, as this would not necessarily represent an effective use of the limited resources likely to be available in the future. The Cabinet Committee and the Finance and Performance Management Scrutiny Panel have previously agreed the retention of KPI 05 (Avoidable Contact) as a KPI for 2011/12 but, in the circumstances, this obviously need not now be retained as a performance indicator for the current year. The schedule of KPIs for 2011/12 set out at Appendix 2 does not therefore include this indicator.

(c) KPI 58 (formerly NI 185) – CO² Reduction from Local Authority Operations

20. The requirement for the Council to collect and report data against this indicator was removed as a result of the cessation of the National Indicator set in October 2010. The Department of Energy and Climate Change has announced that NI 185 has been replaced with a new voluntary reporting mechanism, through which Councils will publish information on their annual emissions via their websites by the end of July each year. The Cabinet Committee and the Finance and Performance Management Scrutiny Panel have previously agreed the retention of this indicator as a KPI for 2011/12, and Management Board has therefore requested the (officer level) Green Working Party to develop a new approach and definition for the indicator to reflect the spirit and purpose of the original National Indicator. The Director of Planning and Economic Development will report to the next meeting of the Scrutiny Panel in this respect.

(d) KPI 59 (formerly NI 187) - Tackling Fuel Poverty

21. This indicator was also ceased by the Department for Energy and Climate Change in October 2010. Although the Council progressed plans to collect fuel poverty data despite the cessation of the indicator, this did not prove possible due to the collapse of the organisation that was to carry out the work on the Council's behalf. As with KPI 58 above, the Cabinet Committee and the Finance and Performance Management Scrutiny Panel have previously agreed the retention of a 'fuel poverty' KPI for 2011/12, and the Green Working Party has similarly been requested to develop a new approach and definition for this indicator to reflect the spirit and purpose of the original National Indicator. The Director of Planning and

Economic Development will also report to the next meeting of the Scrutiny Panel in this respect.

22. The Scrutiny Panel is requested to note the Council's performance in relation to its KPIs for 2009/10, and to agree proposed arrangements for the revision or deletion of Key Performance Indicators KPI 01, KPI 05, KPI 58 and KPI 59 for 2011/12, as set out in this report. Relevant service directors will be in attendance at the meeting to respond to members' questions in respect of performance against specific indicators and targets.

23. Although the Council's overall aim of achieving target performance for at least 70% of the KPIs for 2010/11 has not been achieved, the Scrutiny Panel is also requested to consider and agree a corporate KPI performance improvement target for 2011/12.

24. These matters will also be considered by the Finance and Performance Management Cabinet Committee at its meeting on 20 June 2011, and the views of the Cabinet Committee will be reported to the Scrutiny Panel.

Consultation Undertaken:

The performance information set out in this report has been submitted by each responsible Service Director, and has been reviewed by Management Board. Submitted performance information has been tested by the Performance Improvement Unit in accordance with the Council's Data Quality Strategy.

Resource Implications:

The responsible Service Director will identify the resource requirements for any proposals for corrective action in respect of areas of KPI under-performance during 2010/11.

Legal and Governance Implications:

There are no legal implications or Human Rights Act issues arising from the recommendations in this report, which ensure that the Council monitors progress against its corporate KPI improvement target for 2010/11, and that proposals for corrective action are considered in respect of areas of current under-performance.

Safer, Cleaner and Greener Implications:

The responsible Service Director will identify any implications arising from proposals for corrective action in respect of areas of KPI under-performance during 2010/11, 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.

Background Papers:

Fourth quarter and annual KPI calculations and submissions held by the Performance Improvement Unit.

Impact Assessments:

Risk Management

The responsible service director will identify any risk management issues arising from proposals for corrective action in respect of areas of KPI under-performance during 2010/11.

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 responsible Service Director will identify any equality issues arising from proposals for corrective action in respect of areas of KPI under-performance during 2010/11.

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