

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

Date of Meeting: 19 June 2012



Portfolio: Finance and Technology (Councillor S. Stavrou)

Subject: Key Performance Indicators 2011/12 - Outturn

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

Democratic Services Officer: A. Hendry (Ext 4246)

Recommendations/Decisions Required:

- (1) That outturn performance in relation to the Council's Key Performance Indicators (KPI) for 2011/12, be noted;**
- (2) That the following be recommended to the Finance and Performance Management Cabinet Committee:**
 - (a) the deletion of KPI 01 (Equality Framework for Local Government) as a Key Performance Indicator from 2012/13;**
 - (b) the revision of the methodology for the calculation of performance against KPI 47 (Households in temporary accommodation) from 2012/13, as set out in this report;**
 - (c) the revision of the methodology for the calculation of performance against KPI 51, KPI 52 and KPI 53 (Planning applications) from 2012/13, as set out in the separate report on this agenda;**
 - (d) the adoption of the performance targets for individual KPIs for 2012/13, as set out in this report and the separate report in respect of KPI 51, KPI 52 and KPI 53; and**
 - (e) the adoption of a corporate target (to be identified) for the achievement of improvement against the KPIs for 2012/13.**

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, and has previously been an inspection theme in external judgements of the overall performance of the authority.

Reasons for Proposed Decision:

3. The KPIs provide an opportunity for the Council to focus attention on how specific areas for improvement will be addressed, and how opportunities will be exploited and better outcomes delivered.

4. A number of KPIs are used as performance measures for the Council's 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 slippage or under performance.

Other Options for Action:

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

Report:

Key Performance Indicators 2011/12

6. A range of thirty-eight Key Performance Indicators (KPIs) for 2011/12 was adopted by the Finance and Performance Management Cabinet Committee in March 2011, and a target was set for at least 70% of the indicators to achieve target performance by the end of the year. Summary details of the KPIs for the year are attached as Appendix 1 to this report.

7. The KPIs are important to the improvement of the Council's services and the achievement of its key objectives, and comprise a combination of former statutory indicators and locally determined performance measures. The aim of the KPIs is to direct improvement effort towards services and the national priorities and local challenges arising from the social, economic and environmental context of the district, that are the focus of the key objectives. Progress in respect of the majority of the KPIs, is reported to the Scrutiny Panel, Management Board and the relevant Portfolio Holder at the conclusion of each quarter. Performance in relation to the remaining KPIs is subject to scrutiny at year-end only, as little change in performance is likely over quarterly periods or where performance is designed to be reported on an annual basis. These annually reported indicators are identified in Appendix 1.

8. Improvement plans are produced for each of the KPIs each year, setting out actions to be implemented in order to achieve target performance, and to reflect changes in service delivery. In view of the corporate importance attached to the KPIs, the improvement plans are considered and agreed by Management Board in the first instance, and are subject to ongoing review between the relevant service director and Portfolio Holder over the course of the year.

9. The continued relevance of several KPIs adopted for 2011/12 was considered by both the Scrutiny Panel and the Finance and Performance Management Cabinet Committee during the year, and five indicators were subsequently deleted by the Committee in favour of alternative monitoring and reporting arrangements, bringing the reportable indicator total down to thirty-three KPI for the year. These deleted indicators are also identified in Appendix 1.

10. The outturn position with regard to the achievement of target performance for the KPIs for 2011/12 was as follows:

- (a) 22 (66.6%) indicators achieved the performance target for 2011/12; and
- (b) 11 (33.3%) indicators did not achieve the performance target for 2011/12.

11. The Council did not therefore achieve its overall aim of achieving target performance for at least 70% of the KPIs for 2011/12.

12. Detailed outturn (1 April 2011 to 31 March 2012) performance reports in respect of each of the KPIs for 2011/12 are attached as Appendix 2 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 25 June 2012.

13. Relevant service directors will be in attendance at the meeting, to respond to members' questions in respect of performance against specific indicators and targets.

Key Performance Indicators 2012/13

14. Provisional targets for each KPI for 2012/13, based on third-quarter performance (and the estimated outturn) for 2011/12, were considered by the Scrutiny Panel and agreed by the Finance and Performance Management Cabinet Committee in March 2012. Details of the KPI targets for 2012/13, are set out at Appendix 3, although it should be noted that targets in respect of KPI 51, KPI 52 and KPI 53 (Planning applications) may be subject to revision as a result of consideration of a report of the Director of Planning and Economic Development included elsewhere in this agenda.

15. As the continued relevance of the KPI set was considered during 2011/12, the Finance and Performance Management Committee has previously agreed that no further changes be made to the KPIs for 2012/13, which will therefore comprise the totality of the Council's formal performance indicator measures for the year. However, a number of issues related to specific KPIs require consideration, and these are highlighted in the following paragraphs of this report.

(a) KPI 01 - Equality Framework for Local Government

16. The Equality Framework for Local Government (EFLG) seeks to improve fair employment outcomes and equal access to services, whilst identifying and removing discriminatory barriers. The framework assesses performance at three levels (Level 1 – 'Developing'; Level 2 – 'Achieving'; and Level 3 – 'Excellent') and, although performance is a self-assessment measure, accreditation at the 'Achieving' and 'Excellent' levels is required to be validated by a formal challenge process.

17. The cost of the Level 2 challenge has been identified as an unacceptable expense and, although options have been investigated for alternative 'critical friend' assessment approaches, these have not come to fruition. Although actual performance against the EFLG cannot be validated, it is important to ensure continued focus on equality matters, and the Council has recently adopted a range of equality objectives for 2012/13 to 2015/16 in accordance with the requirements of the Public Sector Equality Duty. It is therefore considered that monitoring activity would be better focused on the achievement of these objectives, rather than the pursuit of further improvement against the EFLG, which cannot be substantiated.

18. Detailed progress against a range of equality issues, including the EFLG, is made to the Scrutiny Panel on an annual outturn basis, and performance against the achievement of the equality objectives will be similarly reported from 2013/14. It is therefore suggested that

the Scrutiny Panel recommend to the Finance and Performance Management Committee, that KPI 01 be deleted from 2012/13.

(b) KPI 47 - Households in temporary accommodation

19. KPI 47 was formerly a National Indicator (NI156) that measured the 'Number of households living in temporary accommodation'. Whilst this has always been an indicator that is measured and reported quarterly as a snapshot taken at the end of each quarter, annual performance has been judged entirely upon the snapshot taken on just one day (31 March) at the end of the fourth quarter of each year. Whilst the National Indicator regime was abolished by the current government part-way through 2010/11, this measure has been retained by the Council as a KPI, as it has been regarded an important indicator by both members and officers.

20. However, the collection intervals, formula and reporting mechanisms for the indicator have not been reviewed since the cessation of its National Indicator status, and performance has continued to be based on the one-day end of quarter four snapshot. The effect this has is to always ignore the performance of previous quarters and, at the end of the year, to simply judge performance on the outturn for a single day.

21. To resolve some of the distortive effects of this methodology, it is proposed that a year-long approach be adopted in future, based on the average of the four end of quarter snapshots. (Prior to the introduction of NI 156, a Best Value Performance Indicator looked at the levels of families in temporary accommodation and that indicator used an average of the four end of quarter snapshots). The following worked example of this approach for 2011/12 illustrates the effect that this might have, and is considered to be a more reasonable approach in respect of the indicator:

The actual end of year return for 2011/12 was 63 households, based on a snapshot on 31 March 2012. The target for the KPI was 60 households, therefore the indicator was recorded as having not achieved its target.

The adoption of the proposed new definition would give a more accurate reflection of performance over the whole year and, as a result, the outturn would have been as follows:

Q1 snapshot (31/6/11) = 52 households
Q2 snapshot (30/9/11) = 61 households
Q3 snapshot (31/12/11) = 57 households
Q4 snapshot (31/3/12) = 63 households

The average of all snapshots $(52+61+57+63)/4 = 233/4$ equates to 58.25 households.

22. The effect of basing the indicator on an average would therefore have meant that KPI 47 would have been recorded at the end of 2011/12 as having met its performance target. This would also have had the effect of increasing the overall percentage of KPIs that had achieved target to 69.7%, which, rounded to 70%, would have met the Council's overall target for KPI improvement for the year.

23. It is not proposed to back-date this change in definition to revise the 2011/12 outturn for the KPI. However, given the above, and to ensure that the indicator is more reflective of a full year's efforts and performance, it is suggested that the Scrutiny Panel recommend to the Finance and Performance Management Committee that the changes detailed above be agreed, in order that the new KPI definition be adopted for the current year.

(c) KPI 51, KPI 52 and KPI 53 - Planning applications

24. At its meeting on 19 March 2012, the Scrutiny Panel requested that investigation be made of the possible revision of the performance measure and proposed 2012/13 target in respect of KPI 52 ('Minor' planning applications) so as to reflect delegated decisions only, and whether the same approach should also be applied to KPI 51 ('Major' planning applications) and KPI 53 ('Other' planning applications). A report of the Director of Planning and Economic Development in this respect is included elsewhere in this agenda, and the Scrutiny Panel is requested to consider the report and make appropriate recommendations to the Finance and Performance Management Committee.

Recommendations

25. The Scrutiny Panel is requested to note the Council's performance in relation to the KPIs for 2011/12, and to recommend to the Finance and Performance Management Committee, the proposed deletion or revision of specific KPIs for 2012/13, as set out in this report and elsewhere in this agenda.

26. Although the Council's overall aim of achieving target performance for at least 70% of the KPIs for 2011/12 has not been achieved, the Scrutiny Panel is also requested to consider and recommend to the Finance and Performance Management Committee, a corporate KPI performance improvement target for 2012/13.

27. These matters will also be considered by the Finance and Performance Management Cabinet Committee at its meeting on 25 June 2012, and the views of the Scrutiny Panel will be reported to the Committee.

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 2011/12.

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 2011/12, 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 2011/12, 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 2011/12.

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 2011/12.

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

What equality implications were identified through the impact assessment process? N/A

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