

Report to Overview & Scrutiny Review task & Finish Panel

Date of meeting: 20 May 2013



**Subject: Reviews of Key Performance Indicators by
Overview & Scrutiny**

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Recommendations:

- (1) To consider the role of OS in the monitoring of KPIs, including comments from Councillor A. Lion who has been invited to the meeting in his capacity as Chairman of the Finance & Performance Management Standing Scrutiny Panel;**
- (2) To formulate any proposals for enhancing the current process for KPI review which is described in this report.**

Report:

1. This report submits details of the current legal and constitutional requirements, past reviews and feedback from consultation conducted last year and comments at the scoping meeting of this Panel in relation to performance monitoring. Also submitted as an appendix are the current terms of reference of Finance & Performance Management Standing Scrutiny Panel.

Constitutional and Legal Provisions

2. Local authorities are subject to a general Duty of Best Value, to 'make arrangements to secure continuous improvement in the way functions are exercised, having regard to a combination of economy, efficiency and effectiveness'. This duty arises from Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007).

3. There are no specific provisions relating to O&S's role in performance management and budget monitoring. The Council has, however, recognised these roles in establishing a Standing Panel to deal with these matters. Both can be seen as part of the general statutory role of O&S to review Council activities.

Previous Reviews - Performance Management:

4. That Service Business Plans be no longer automatically considered by the Overview and Scrutiny Committee but be placed in the Members' Room with the right for individual members to request their formal consideration.

5. That selected performance information continue to be formally reported to members through the Overview and Scrutiny Committee, on a quarterly basis.

6. That the Council use a “traffic light system” for performance indicators as a trigger for inclusion of items in the work programme, reviewed periodically – Indicators to be split into (i) Green – on target, (ii) Amber – uncertainty of achieving target; and (iii) Red - clearly below target based upon previous year’s performance.
7. That there be an annual selection of monitored Performance Management Information (priority to be ‘red light’) using a periodically reviewed ‘basket’ of indicators.
8. That detail be provided within performance reports to the Overview and Scrutiny Committee to indicate whether performance on individual indicators is in the upper quartile or whether performance has improved or worsened from the previous two years.
9. That a graphical format be introduced for the reporting of performance information to Overview and Scrutiny.
10. That comparative data be included in performance reports to the Overview and Scrutiny Committee wherever possible, to enable meaningful consideration of performance data.
11. That performance against those indicators not subject to quarterly reports to Overview and Scrutiny, be published in the Members' Bulletin in the form of statistical data only.

Feedback from Consultation

- (a) performance management is carried out more effectively than the budget review but target setting by officers is questioned: benchmarks should be set by reference to more objective criteria such as the performance of family groups or other is preferable;
- (b) budget and performance monitoring meeting should not take place in half term holidays when interested Councillors may not be able to attend.

Scoping Meeting

15. Should the relevant KPIs go to the relevant Standing Panel to look at and not to the Finance Panel?

The Present System

16. As part of the Best Value Duty to secure continuous improvement, KPIs relevant to the Council’s services and key objectives, are adopted each year. KPIs provide an opportunity to focus attention on areas for improvement and how better outcomes will be delivered. KPI performance has previously been an inspection focus of external assessment and judgement of the progress of the authority.
17. KPIs must be important to the improved delivery of the Council’s services, should reflect the achievement of key priorities, and must be quantifiable. The aim of the KPIs is to direct improvement effort towards national priorities and local challenges arising from the social, economic and environmental context of the district, that are the focus of the key objectives.
18. The suite of KPIs for the year ahead is agreed by the Finance and Performance Management Cabinet Committee each March, in consultation with the Finance and Performance Management Scrutiny Panel. Detailed definitions and reporting calculations are developed for each KPI, as it must be possible to accurately define and measure performance. No revisions are subsequently made to the agreed indicator set without member approval.

19. Provisional targets for each KPI are developed by service directors, in liaison with the relevant Portfolio Holder. Targets are based on third-quarter performance (and the estimated outturn position) for the previous year, past performance, and relevant benchmarking information where available. A target is also traditionally set for an overall percentage of the indicators to achieve performance each year. As a result of the abolition of national performance frameworks, targets can no longer be set by reference to the performance of family group or other authorities. Although informal benchmarking can be undertaken, this is now unlikely to be on a definite 'like for like' basis, and can be of limited value;

20. Management Board reviews the targets for the KPIs in June each year, with reference to outturn data for the previous year. Any revisions to targets required on the basis of the outturn position, are considered by the Finance and Performance Management Cabinet Committee and Scrutiny Panel. Regular KPI reporting also provides an opportunity for members and Management Board to ensure the continued relevance of each KPI.

21. Improvement plans are produced for the KPIs each year, setting out actions to be taken to achieve target performance, and reflecting any necessary changes in service delivery. The improvement plans are agreed by Management Board, and should be subject to ongoing review between the relevant service director and Portfolio Holder over the course of the year.

22 Overall progress in respect of the KPIs is reported to the Finance and Performance Management Cabinet Committee each quarter. Detailed performance reports for each KPI, including proposals for corrective action where necessary, are made to Management Board and the Finance and Performance Management Scrutiny Panel on a quarterly basis. This process enables scrutiny of performance and provides members with an opportunity to identify issues for further in-depth review or report. Ongoing KPI performance should also be subject to regular review between service directors and Portfolio Holders, between formal reporting periods.

23. Current arrangements for KPI reporting have addressed issues raised in previous reviews of the performance management process. KPI report presentation has been refined to include 'traffic-light' and graphical illustration of performance. KPI presentation includes details of performance trends but, as a result of the abolition of the previous national performance frameworks, quartile positions are no longer published by the Audit Commission and relevant comparative information is not available.

Invitees

24. Councillor A. Lion, Chairman of the Finance & Performance Management SSP and Mr S. Tautz, Performance Improvement Manager have been invited to the meeting for the purpose of contributing to this part of the OS Review.