

ANGUS COUNCIL**POLICY & RESOURCES COMMITTEE - 8 DECEMBER 1998****PERFORMANCE INDICATORS - 1998 CONSULTATION****REPORT BY CHIEF EXECUTIVE****ABSTRACT**

The Accounts Commission has invited comment on a consultation paper on the Performance Indicators proposed to be introduced as of April 1999 for the financial year 1999/2000. The number of Indicators would increase from 56 to 66 and there are additional requirements to report contextual information. The proposals should be considered in the context of additional performance measurement developments under Best Value. The Scottish Office proposals for further development of Key Performance Indicators have now been received. These proposals are dealt within Report 1319/98.

1. RECOMMENDATIONS

It is recommended that the Council:-

- (a) notes the content of this Report and the proposals by the Accounts Commission in respect of Performance Indicators for 1999/2000;
- (b) welcomes the opportunity to comment;
- (c) endorses the comment in this paper on the additional workload which will be generated in terms of recording information, auditing and publicity etc.;
- (d) homologates the action of the Chief Executive in sending this report to the Accounts Commission in time to meet their deadline of 20 November;
- (e) agrees that any additional comments by members also be sent to the Accounts Commission and to COSLA;
- (f) expresses concern that comment on the Accounts Commission proposals should have been considered in tandem with proposals by the Scottish Office, but because of delay by the Scottish Office in consulting on their proposals, this has not proved possible.
- (g) Notes the receipt of the consultation paper by the Scottish Office on proposals for Key Performance Indicators (Report 1319/98)

- (h) Endorses the comments made on individual indicators contained in Annex 1.

Note:- A copy of the Consultation Paper is available in the Members' Lounge.

2. BACKGROUND

In terms of the Local Government Act 1992, the Accounts Commission, following consultation with local authorities, gives directions as to the Performance Indicators (PIs) which Councils are required to publish for each year.

The publication of PIs is to facilitate the making of appropriate comparisons by reference to the criteria of costs, economy, efficiency and effectiveness between:-

- the standards of performance achieved by different councils in one financial year; and
- the standards of Councils achieved in different financial years.

The Accounts Commission has already consulted with regard to the "broad strategy" to be adopted in respect of the development of Performance Indicators, taking into account the promotion of Best Value. A report on the broad strategy was made to the Committee on 8 September (942/98).

In that report it was suggested that in the light of Best Value developments, it would be opportune to review the overall approach to PIs and refrain from developing further PIs meantime. That suggestion has obviously not found favour with the Accounts Commission.

Members are referred to Annex 1 to Report 1319/98 which contains a summary of the PIs which have been in effect over the past few years and shows the proposals for further substantial development in 1999/2000 and later years.

It will be seen that there is a proposed increase from 56 PIs overall to 66 for the next financial year by the Accounts Commission. However, there are also amendments proposed to 27 of the Indicators and additional contextual information in respect of the main services.

It is stressed that so far as performance information is concerned, the proposals by the Accounts Commission are only part of the increasing workload in collating and publishing information. The Scottish Office were originally due to issue their proposals in connection with performance measurement during October, taking into account Best Value developments. Unfortunately the Scottish Office did not conform to the original proposed timetable, October, and their consultation was not made available until end November. The Scottish Office proposals are outlined in Report 1319/98.

The total numbers and scope of performance indicators to be required by the Scottish Office were therefore not clear at the time when this report was being prepared for submission to the Accounts Commission, but general indications were for 5-7 indicators for each of 17 services, i.e. between 85 and 119 indicators in the longer term. This situation has now been clarified with the receipt of the Scottish Office paper and the proposals are detailed in the Annex to Report 1319/98.

3. ACCOUNTS COMMISSION COMMENTS

In commenting on the proposed direction to be issued in respect of Performance Indicators to be collected during 1999/2000, the Accounts Commission say there was general recognition of, and support for, the Commission's intention to develop the Statutory Performance Indicators in line with the requirements of Best Value, as proposed in the earlier "broad strategy" paper.

"However, several consultees sounded a cautionary note as to how quickly change can be introduced, and the need to standardise reporting requirements between agencies such as the Commission and the Scottish Office", the Commission noted.

The Commission says it is working closely with the Scottish Office and COSLA to determine the extent to which the Statutory PIs and the Scottish Office's key prescribed PIs (to be reported in Public Performance Reports within the Best Value system) can be aligned.

"The aim is to maximise the integration between the two sets of PIs and avoid clashes. The aim is not expected to be achieved until the 1999 Direction, but changes to be made this year will move to align the Commission's Statutory PIs and the key PIs to be proposed by the Scottish Office."

The 1999 Direction would come into effect in April 2000.

The Commission also comments that in the consultation there was general agreement on the principle of addressing users' views of service quality in relation to Best Value. However, several Councils were concerned at the practical implications of addressing quality issues through the PIs.

The Commission also notes that a number of comments were received in relation to the potential development of PIs relating to corporate management (otherwise known as "Council wide" indicators, or "general health" indicators), inter-service and partnership issues. Ideas included corporate responsibility for the environment, economic development, response times for correspondence, the proportion of buildings accessible to wheelchair users, staff sickness rates, reports to the Ombudsman and the percentage of budgets spent on partnership projects. Mention was also made of the Task Group paper on Community Planning. Several Councils expressed concerns about the practicality or value of these ideas as PIs.

Two other issues arose from the responses on the development of PIs. Firstly, there was a significant level of concern that the Commission might

impose a requirement to report information for which information systems and resources were not in place and that in doing so it would devalue the current emphasis on reliable and accurate reporting. Secondly, there was evidence of continued concern over the statutory reporting requirement and the cost of placing a statutory advertisement. The Commission says that it would be helpful if the legislation were changed to allow Councils to use news sheets (generally produced by the Councils themselves) rather than newspapers where the advertisements have to be paid for, and it will pursue this matter. The Commission says that to allow time for consultation, it proposes not to introduce Indicators this year relating to: -

- Surveys of public opinion (other than for the Police service, previously agreed).
- Partnerships and the provision of services.
- Issues on which it believes that the quality of information systems would be so poor as to lead to unreliable information being reported.

The Commission proposes to introduce Council Wide PIs relating to the corporate management of authorities and Council wide issues.

The Commission proposes removing a small number of the current PIs, "recognising both the views of consultees and the lack of interest shown in the indicators in the Commission's previous national report".

The Commission also notes that there is a consensus on including contextual information on Council's service expenditure within the Commission's national report. It also indicates an intention to publish details of population and land area.

For the 1999/2000 contextual information, it anticipates limiting this to: -

- total gross expenditure per head of population for Education, Environmental Health, Leisure and Recreation, Libraries, Development Control Services under Planning, Roads and Lighting, Social Work and Trading Standards, subject to further discussion with the Chartered Institute of Public Finance Accountants;
- population; and
- land area.

The Commission says there was more clear cut acceptance of the proposal to expand the direction to include relevant contextual data within specific indicators, although there were concerns about the cost of publishing and the perceived "information overload" for the public.

The Commission makes proposals for contextual elements in the current indicators. The Commission believes, particularly within the context of Best Value, that these elements are fundamental to the public's understanding of each Council's performance and will not overburden the advertising

requirements. In addition, the Commission will request other contextual data for use in the national publication.

There is also, the Commission notes, support for developing Council profiles and making a greater use of family groupings for comparative purposes.

The Commission says that as a means of improving the value of performance information, this is considered an important and fundamental future requirement and the Commission will be examining ways to take the work forward.

4. COMMENT ON GENERAL PROPOSALS

With the expansion of the Accounts Commission's Performance Indicators and the likely introduction of further indicators by the Scottish Office, there is no doubt there will be a significant increase in the workload involved in recording, collating, auditing, analysing and publicising Performance Indicators. Whilst the proposals must be seen in the context of Best Value, it is clear that the Accounts Commission and the Scottish Office approach will give a major impetus to the "top-down" development of the process of increased performance measurement.

As a concept, Best Value was understood to be one that would involve consultation with customers/clients/taxpayers/workforce to gain their views on indicators which might be used. For example, the process which has been adopted for service review in Angus Council includes a requirement to consult with these parties, on the basis that this was in line with a fundamental principle of Best Value i.e. customer/citizen focus. Given the considerable increase proposed in performance measurement, it appears to the officials that there is a clear danger that the present top-down approach will overwhelm any development of performance indicators as a result of consultation with clients/customers etc., in accordance with the Council's Best Value review model.

So far as expense is concerned, the reference to additional expense in terms of publicity and local publication is only a minor part of the likely costs. The development of measurement and monitoring systems and their maintenance will have to be taken into account.

So far as the advertising and publicity costs are concerned, the cost of the Annual Report and Accounts for 1997/98 was some £26,000. The statutory advertisement which appeared in the Courier for the PIs cost £5,000.

Given the additional information that is likely to need to be published there are likely to be substantial additional costs for these items (or alternatives now being proposed) so far as Accounts Commission proposals are concerned. The proposals which the Scottish Office are now bringing forward under Best Value are bound to add to these costs.

For local authorities there will be difficult issues in the management and publicising of the information, given the regulatory nature of many of the Councils' activities. Where such activities are a statutory requirement, it is

likely that management information will be collected in one format or another already. That collection of management information will be an entirely different matter from the collation of details into a format for presentation to the public, subject to audit and the establishment of systems as part of a performance indicator regime.

Equally, the time frame within which the development of suitable systems for ensuring collection of the new PIs (both Accounts Commission and Scottish Office) is likely to be in early spring of next year. This will also place a strain on staff and other resources at a time when there are considerable other commitments under the Best Value regime as well as specific Council initiatives.

As noted, the Scottish Office Consultation Paper on Performance Indicators was originally due to be issued in October. The original proposed timing of that consultation would have been of benefit in that the proposals by the Scottish Office and the Accounts Commission could have been considered in tandem as part of the ongoing development of additional performance measurement proposals as part of Best Value. That opportunity was not possible because the Scottish Office timetable in respect of consultation has slipped.

The programme for return of PI information to the Scottish Office as part of the Best Value appraisal is now by end February, although comments on the general development are required by the end of this month.

Whilst it is accepted that the Commission and the Scottish Office are working together with regard to the development of Best Value, there is a danger that the differing objectives of both these organisations will add to the confusion so far as local authorities are concerned. There are difficulties in adjusting to what at the moment are clearly separate, but parallel development. So far as performance indicators are concerned, an objective of having one body setting the standards would be helpful.

Equally, whilst the principle of development of Best Value is fully accepted, it is suggested that an incremental approach should be the objective, so far as public performance reporting is concerned. Proposals that could lead to the doubling of the number of Performance Indicators or like measurements at a time when there is already considerable strain on resources, must be questioned.

The Council already publishes considerable detail of its operation so far as the public are concerned, both in reports to Committee which are made available to the press and in press releases regarding specific developments. There are also the Annual Report and Accounts that detail Performance Indicators.

The officials are already considering how public performance reporting processes can be developed, but they are doing so against an increasingly difficult timescale so far as the development of Best Value is concerned and, more importantly, dealing with proposals which appear to be subject to continuing change.

Whilst it is accepted that change will be necessary, one of the basic functions of any performance indicator is to afford an opportunity for comparison over the longer-term in order to ensure that progress may be monitored. If amendments are made to any of the indicators, then their value so far as comparison is concerned, will be undermined. For example, the performance indicators which were in use from 1994/95 for the former authorities are of questionable value for comparative purposes now because of the changes in authorities' structures and areas.

Given the number of changes that are now being suggested, it is likely that the comparison value of many of the performance indicators now in use will again be reduced. Whilst it is accepted that these changes are being proposed in order to develop a better system, in the longer-term, the net result is likely to be a downgrading of a large amount of the information which is presently collected for comparative purposes.

Comments on the individual Indicators are included in Appendix 1.

5. CONCLUSION

Significant changes in the numbers of Performance Indicators are likely to lead to additional resource demands and organisational changes. At the same time, further requirements by the Scottish Office in terms of further performance indicator developments will have a bearing on the introduction of the proposed additional statutory PIs.

Radical changes are being encouraged allegedly to promote or help with the development of Best Value. It is suggested that a more incremental and relatively slower development might pay higher dividends in terms of the longer-term value of the Performance Indicators.

6. CONSULTATION

All members of the Management Team have been consulted in the preparation of this paper and their comments are included.

7. FINANCIAL IMPLICATIONS

The financial implications for this year cannot be quantified at this stage, given that there is no precise indication of the Indicators which are to be introduced as of 1 April 1999. There may be additional costs within this financial year in terms of developing systems, if substantial additional indicator collection etc., is required.

A B Watson
Chief Executive

IR/BAK
12 November 1998

Note:- No background papers, other than the Accounts Commission Consultation Paper on the 1998 Direction have been used in the preparation of this report.

COMMENTS ON INDIVIDUAL PROPOSED INDICATORS OR AMENDMENTS TO INDICATORS

Benefits Administration

Indicator 2: The percentage of applications processed within 14 days of receipt by the Council.

Proposed:

- (1) to start "time" when an application is made, rather than when all information is received; or
- (2) to measure the proportion of applications processed within a certain time of the receipt of the claim by the Council (say 28 days).

If (1) were adopted, it would mean the Council was being measured on something it may have no control over (an applicant may take days or weeks to deliver the necessary information to proceed with the claim).

Council-Wide Indicators (New)

- (b) Refers to quantifiable factors such as sickness and turnover rates as measures of how well people are managed. The proportion of working days lost to sickness is regarded as a good "general health" indicator for an organisation. However, the suggested categorisation of groups of employees i.e. Chief Officers and APT & C; Craft and Manual; Teachers, may pose problems.
 - With the approach of single status the distinction between "APT & C" and "Manual" will disappear and there will just be one category, "employees". It will therefore not be possible to distinguish between what are at present two distinct groups. This should be borne in mind when "firming up" on the categorisation.
 - With the "merging" of the APT & C and Manual categories it is doubtful whether there would be merit in continuing to highlight Chief Officers and Craft employees as separate categories. Indeed the number of these employees is such that a relatively small number of days lost could give a skewed effect when expressed in percentage terms.
 - The Accounts Commission's reasoning for having teachers as a separate category is understood. However, given that a sickness indicator should be used not just for comparison with other Councils but as a benchmark to compare with other public bodies and the private sector, there is really only one relevant indicator for such purposes i.e. an overall Council wide indicator.

In addition there are questions as to how "turnover" would be defined? Would promotion count? Would retirement count? If one person left the Council, or a new position is established, it could have a "knock-on" effect of say four "turnovers".

Education

Proposed New Indicator

- (a) Authorised and unauthorised half-day absences in primary and, separate, secondary schools. Where would "exclusions" be recorded? They may be unauthorised originally, but then authorised?

Would a separate category be required for "exclusions" and similar types of absences?

Environmental Services

Refuse Collection

Indicator 1: Suggests reporting the gross cost per household of domestic refuse collection only, excluding special uplifts. Are commercial collections not to be reported?

Proposed New Indicator

- (b) The number of household waste collections which were missed, per 10,000 households. "Missed" means reported by the resident as missed, when the resident was not informed IN WRITING of a change of arrangements. If the collection day fell on a public holiday, would the Council have to write to all residents? The proposals include weather conditions and industrial action. Is this practical? How could the Council write to every resident predicting the weather?

However, this proposed new indicator states clearly that "missed" means REPORTED BY THE RESIDENT AS MISSED.

Finance

Proposed New Indicator

The date by which the statutory abstract of accounts for financial year 1998/99 is submitted for audit.

The Commission states that this would indicate whether accounts were submitted in good time. Is this to be the date by which the draft accounts must presently be completed, i.e. 30 June? If not, who will determine what is "in good time"?

Housing

Proposed new indicator on repair costs

The proposed new indicator will include the average cost of emergency repairs per council dwelling, the number of emergency repairs per dwelling, the cost of other response repairs per dwelling and the number of repairs per dwelling.

Presumably the final guidance from the Accounts Commission will give clarification in regard to the stock base line figure to be used in calculating the average costs, i.e. will the base line figure be taken as at 1 April or will a mid-year figure be used. If the costs are not to be divided by the whole of the housing stock will it be the intention purely to divide the costs of emergency repairs by the total number of emergency repairs carried out? Again, how are the number of repairs per dwelling to be calculated, e.g. is this purely to be the total number of repairs reported divided by the total of the Housing Revenue Stock at a particular date or is some other calculation to be used?

A minor change will be made in the information provided under homelessness, to indicate the total number of households in priority need expressed as a rate per 10,000 households. There is a query as to whether this is total households in the area, or is the local authority housing stock to be taken as the base line?

The number of homeless households provided with any one of four forms of temporary accommodations provided by the council and the average length of stay in each type will be expressed as the proportion of the total number of households provided with temporary accommodation. Again there is a query as to whether the total households in the area is to be the base line and whether this is also to be rated as per 10,000 households?

Leisure and Recreation

Sports and Leisure Management

Indicator 1: _____

Proposed change to measure the total number of users of the pool in the year divided by the population.

The Commission acknowledges that large pools, which attract users from large catchment areas and those with pools in tourist areas, would be shown as having high numbers of users per resident population.

Authorities, with a number of traditional pools, or pools attached to schools would be at a disadvantage in terms of proportionate use. Will contextual information be included to indicate the differing circumstances?

ROADS AND LIGHTING

Indicator 1

Clarification of the basis for calculating "actual expenditure" would be welcome. Capital schemes often include a large element of maintenance and renewal and indeed works such as road reconstructions can be funded from either Revenue or Capital Budgets.

The inclusion (or otherwise) of Capital Financed from Current Revenue (CFCR) should also be clarified.

The treatment of engineering/admin costs also requires clarification, as the presentation of such costs on the Local Financial Return is open to interpretation.

Expenditure on Surveys and Inspections is not reported separately on the Local Financial Return and again would benefit from clear guidance regarding the basis of calculation, particularly with respect to (1) administrative on-costs and overheads, (2) expenditure (on a like-for-like bases from Council to Council) on "inspections following complaints and general routine assessment of route maintenance requirements", and (3) third party payments for condition assessment surveys (MRM, CHART, SCRIM etc.).

Indicator 2

Clarification is required regarding consistency with Indicator 1. Are the statistics to include surfacing works carried out under Capital, CFCR etc. programmes? (Indicator 1 at present covers only revenue expenditure).

Indicator 3

The proposed simplification of this PI to include only a return on the percentage of repairs completed within 48 hours is welcomed.

However this raises again the old question of what is actually being measured. As far as the Roads Department is aware all Councils in Scotland rely on contractual arrangements with the signal companies (Siemens, Peek etc.) and all are based on a 36 working hour (on the basis of a 12 hour day, 7 day week) fault repair time specification (from time of notification to the signal company to time of completion of repair).

It is therefore primarily the contractor's performance which is being measured, and with all Councils in Scotland using the same contractors and the same contract specification any variance of this PI across Scotland is likely to be due to geographical location/remoteness from maintenance centres as much as anything.

It is suggested therefore that there is a good case for scrapping this PI altogether.

Indicator 4

The proposed simplification of this PI is again welcomed. Unlike Traffic Signals (PI3) street lighting is something for which Councils are likely to have direct arrangements for maintenance and repair, although there is still an element of "outwith Council control" where there is direct supply from the electricity provider.

Indicator 5

The proposal to delete this indicator is welcomed.

