

ANGUS COUNCIL

**BEST VALUE AND PERFORMANCE INDICATORS -
SCOTTISH OFFICE PROPOSALS****REPORT BY CHIEF EXECUTIVE****ABSTRACT**

The Scottish office has now produced a consultation paper entitled Best Value - Key Performance Indicators to be used in the development of public performance reporting. The proposals would start coming into effect as of this April, with the introduction of a prototype Public Performance Report (PPR) in June with full PPR in June the following year. The proposals by the Scottish Office would see a considerable increase in the number of indicators to be collected and published. The proposals by the Scottish Office should be read in conjunction with the proposals by the Accounts Commission who also recently invited comment on a consultation paper on the Statutory Performance Indicators proposed to be introduced as of April 1999 for the financial year 1999/2000 (see Report No 1318/98).

1. RECOMMENDATIONS

It is recommended that the Council:-

- (a) notes the content of this Report and the proposals by the Scottish Office for the development of Key Performance Indicators as part of a Public Performance Reporting System;
- (b) welcomes the opportunity to comment;
- (c) endorses the comments in this paper on the further workload which will be generated in terms of recording information, auditing and publicity etc., the perceived duplication of the proposals; and the methodology now being applied to the development of Best Value;
- (d) remits to the Chief Executive, in consultation with the Management Team, to respond to the Scottish Office by 18 December in respect of the relevant parts of the consultation paper;
- (e) agrees that any additional comments by members also be sent to the Scottish Office and to COSLA;
- (f) notes the requirement to submit further information on "past performance" by 26 February 1999, and remits consideration of the detailed aspects to the Chief Executive and the Management Team; and
- (g) protests at the extra workload being generated and the timescale allowed for the introduction of the proposals.

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

2. BACKGROUND

The Scottish Office, as part of the Best Value consultations earlier this year, had indicated that there would be a paper issued regarding performance indicators in October. That paper was not issued during October, but has now emerged with some 60 pages of detailed proposals on how Key Performance Indicators should be introduced to support one of the key elements of Best Value - accountability.

As noted, the Accounts Commission, which has a statutory duty to set performance indicators for local authorities, has already consulted with regard to its proposals for the extension of the PI regime as of April next year (Report No 942/98). The Accounts Commission propose an increase from 56 PIs overall to 66 for the next financial year.

The Scottish Office proposals are for some 79 indicators to be used. Of these some 43 are current Accounts Commission PIs; a further 12 are PIs on which the Accounts Commission have consulted during the past round, leaving a total of some 24 new indicators proposed to be introduced by the Scottish Office over the next year. The total increase in indicators, if all the proposals are brought into force, would therefore be 34.

In addition, the Scottish Office has also outlined what it refers to as possible longer term Key PIs. These include 6 Council-wide indicators; one central services PI; two Planning and Economic Development PIs; four Education PIs; eight Social Work PIs; and one Environmental Health PI. In addition, a working group is considering further development of indicators for Housing.

Additional PIs are proposed for Police and Fire authorities, but these are not dealt with in this report.

3. SCOTTISH OFFICE COMMENTS

The Scottish Office, in introducing the proposals, say that Best Value seeks to promote continuous improvement in the performance of Councils, Police and Fire Authorities.

"This requires them to know what they are delivering, to whom and at what quality and price", says the paper. "It is essential that they inform key stakeholders what they have achieved and set out their targets for any future action. The Best Value Task Force identified the development of performance indicators as one way of providing stakeholders with information to understand and judge the performance of the Council, Police or First authority."

To minimise the burden on Councils etc., the Scottish Office has decided that the Accounts Commission's current proposals for PIs will form the core of the prescribed performance indicators. The Scottish Office accepts that "the current raft of PIs is not necessarily the most appropriate in a Best Value context. This consultation starts the process of finding better PIs".

The Scottish Office note that a key aspect of the development of a performance management and planning framework is Public Performance Reporting, through which Councils etc., will report to their stakeholders. The Scottish Office says that Councils etc., already collect and publish a significant volume of information. As well as integrating the Accounts Commission PIs into Best Value indicators, they are seeking to co-ordinate the collection of performance information both within and across Councils etc., to minimise duplication and effort to ensure that only relevant and meaningful information is collected to inform judgements about Best Value and the delivery of individual services.

4. REPORT ON PAST PERFORMANCE - TO BE SUBMITTED BY 26 FEBRUARY 1999

To provide a baseline on Local Government performance, Councils are required to submit details by 26 February on the following:-

- Performance against prescribed performance indicators in 1997/98.
- Likely performance in 1998/99.
- Targets for performance in 1999/2000 and 2000/2001.
- Contextual information, including comparators with other similar service providers and/or narrative on the background to the proposed targets.

The Scottish Office recognises that information on all performance indicators may not be available by the end of February. "We would ask Councils, Police and Fire authorities to submit as complete a set of information is readily available."

5. PROTOTYPE PUBLIC PERFORMANCE REPORT

"The report on performance will form the core of the prototype PPR, but authorities will no doubt expect to update performance data and amend their targets to reflect any changes in priorities following the elections in May 1999," says the Scottish Office. "We expect the prototype PPR to include:-

- Performance against prescribed indicators 1997/98.
- Outturn performance against prescribed indicators for 1998/99.
- Revised performance targets for 1999/2000 and 2000/2001.
- Performance targets for 2001/2002.

- Contextual information, including comparators with other similar service providers and a narrative on the background to the proposed targets.
- An up-to-date service review schedule for 1999/2000.

The prototype PPR should include data on all the indicators contained in the data availability section of the Best Value set contained in the Scottish Office paper below. This prototype PPR is to be submitted to the Scottish Office by 30 June 1999.

6. FIRST FULL PPR

The Scottish Office say that the development of the prototype PPRs will provide a sound basis for the first full PPR in May 2000. The Best Value Task Force are currently developing further guidance on PPRs.

“They are considering their content and how this might meet the differing requirements of customers, the public and Central Government while at the same time minimise bureaucracy and build on the existing processes and cycles.” Further advice is likely in the Autumn of 1999.

The Scottish Office says that the Accounts Commission intend to develop the statutory PIs in line with the requirements of Best Value. The Accounts Commission has now proposed collection of data for around 80 PIs - that includes Police and Fire PIs.

“The Accounts Commission are seeking to develop their new indicators in line with Best Value but their origins lie within value for money. This consultation proposes a small number of additional performance indicators that try to reflect both the cost and quality aspects of Best Value.”

The Scottish Office asks for views on:-

- Whether the 73 key prescribed performance indicators provide the best measure of Best Value currently available?
- Are there indicators which are duplicated by other indicators or do not provide a useful measure and should be deleted from the list?
- Are there more suitable indicators which are readily available?

Responses on these issues are requested by 18 December.

7. ASPIRATIONAL INDICATORS

The paper goes on to recognise that as Best Value evolves, local performance management systems are improved and as better indicators emerge, a number of indicators will disappear, be amended or be replaced by more appropriate measures. In a further annex to the report, “some thoughts on some ‘aspirational performance indicators’ are given. See Annex 1.

The paper seeks views on:-

- The need for aspirational indicators as detailed.
- Possible measures for the aspirational indicators.
- Other areas where indicators might be developed for Best Value in the longer term.

Again a response is requested by 26 February.

8. PROPOSED INDICATORS

The list of key performance indicators comprising five to seven for each service and eight Council-wide indicators is proposed to be included either in the prototype public performance reports in June 1999, or the first full public performance reports in May 2000. The report notes that 68 of the 93 indicators (54 out of 79 excluding Fire and Police) are either current Accounts Commission PIs or new indicators proposed by the Accounts Commission for their 1998 direction. The remainder draw on information supplied by services to Inspectorates or to the Scottish Office on regular statistical returns.

The Scottish office requests comments on:-

- Are there key aspects of performance which are not addressed?
- Are indicators sufficiently clearly defined?
- Is the assessment of data availability correct?

9. COMMENT ON PROPOSALS

The parallel Report 1318/98 on Accounts Commission PIs makes clear concerns in respect of the Performance Indicator development aspects of Best Value. In addition the further Report 1316/98 on the Best Value appraisal also expresses further concerns. These may be summarised as follows:-

- The additional workload which is being generated.
- That the comments on the Accounts Commission proposals should have been considered in tandem with proposals by the Scottish Office.
- The "top-down" influence of the development of PIs which could lead to an undermining of efforts to consult on locally developed PIs.
- The effect of continuing change on the validity of the indicators that are collected, which can only have longer-term use if the factors involved are measured on a consistent basis.

- The audit process which has been adopted with its capacity to generate volumes of paper based checking of actions.
- The general overload effect on the general citizen of all the information being made available.
- Confusion of quantitative with qualitative information.
- Confusion that more must equal better in terms of performance reporting.
- The absence of any evidence to support the implication underlying all of the present development of performance indicators, i.e. that the general public are deeply interested in how their Councils perform in terms of numerical/ graphical information presentation.
- The confusion of useful management information with information that may be of use to the public in general.

All of these comments may simply be repeated in respect of the present consultation paper. In addition, the proposals in respect of a PPR system are now being made clearer, and further questions have to be posed in respect of:-

- The timing of the proposed reports.
- The value of the information to be provided on a comparative basis given the time gap between the original and the publicising of the information.
- The probable duplication which reporting on the basis of an early publication date (May/June) will mean when accounts and performance figures will be unlikely to be audited or have been subject to any external verification.
- The duplication inherent in producing figures for the Scottish Office up to 26th February when end year figures to 31 March will require to be published in June in terms of the proposals for the prototype PPR.

In respect of requests for information by 26 February on past performance, i.e. figures to be submitted on PIs for 1997/98; likely performance 1998/99 and targets for 1999/2000 and 2000/2001 and contextual information, including comparators with other similar service providers and/or narrative on the background to the proposed targets, there are two concerns.

First, the Accounts Commission will shortly publish the details on all Scottish Councils' Performance Indicators for 1997/98. These figures have been checked with the authorities and are readily available from the Commission on computer disk. It would appear simpler for the Scottish office to obtain these figures from the Accounts Commission.

So far as likely performance for 1998/99 is concerned, there must be a query as to the validity of figures for a part year as a comparative base. Equally there is the question of duplication of effort in collecting for an end February date and then collecting for an end March date.

So far as targets for later years and contextual information are concerned, there will also be difficulties in that later years targets to an extent are likely to be affected by budget considerations. Equally they are being requested at relatively short notice and the information in respect of the full year will have to be provided for end year comparison purposes within a relatively short time thereafter.

With regard to the prototype PPR to be published in June, again there are a number of points.

- The request for information simply duplicates that which has been required earlier.
- Asks details for future years, i.e. up to 2000/2002 which are unlikely to be available or whose reliability at that time will be questionable in the absence of final figures for the past year.
- The requests for a narrative on the background to the proposed targets will come at a time when the local elections will just have been held and when it would perhaps be wise to give new Councils a chance to review at in greater depth and perhaps over a longer timescale what their aims and priorities will be.

With regard to the additional information that is likely to be required to be collected as of April next year, there is still the difficulty that the proposals by the Scottish Office in relation to the development of key PIs will not be confirmed until 29 January when Councils will have two months in which to ensure that collection systems are set up to deal with the additional PI information.

Whilst it is accepted that much of the information is already collected for Scottish Office or other purposes, arrangements will need to be reviewed in the light of the process requiring to be integrated into a PPR system as part of a wider Performance Management and Planning system, the implications of which, it is suggested, deserve more time to be developed.

Finally, in respect of Angus Council, there is a system of performance management dependent on yearly development reports by departments reinforced by a personal action plan system. The Scottish Office and Accounts Commission proposals to require greater detail on statistical information, bear no particular relationship to this Council's Key Themes or Corporate Priorities. It is likely therefore that the Angus system will need further appraisal to ensure that the two may be fully compatible.

10. RESPONSES TO POINTS MADE BY THE SCOTTISH OFFICE

So far as responses to the various detailed points raised by the Scottish Office are concerned, it is suggested that a response should be remitted to the Chief Executive in consultation with the Management Team, taking into account the detailed consideration and the timescale involved.

11. CONCLUSION

Once again there are considerable practical difficulties in terms of the implementation of the proposals, both in the short and longer-term. It is suggested that a more incremental and relatively slower development might pay higher dividends in terms of the longer-term value of Performance Indicators.

12. CONSULTATION

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

13. 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. However, there are again likely to be additional costs within this financial year in terms of developing systems and there will of course be a considerable demand on officer time in gathering and preparing the information.

A B Watson
Chief Executive

IR/BAK

1 December 1998

Appendix 1 - List of existing and proposed performance indicators, Accounts Commission Statutory PIs and Scottish Office Key Performance Indicators and Aspirational Indicators.

Note: No background papers, other than the Scottish Office Consultation Paper have been used to any material extent.

E:IR/Reports/1319/98

ANNEX 1

Summary of Performance Indicators & Proposed Changes

	1996/97	1997/98	1998/99	1999/2000	Accounts Commission proposed changes for 1999/2000	Scottish Office proposed introductions for prototype PPRs 1999/2000, i.e. could be part of PPR in June 1999	Scottish Office proposed introductions for 2000/2001, i.e. could be part of PPR for May 2000	Scottish Office Aspirational Changes
General/Council wide indicators				Outturn expenditure as proportion of budgeted exp'ture.	New Council wide indicators, i.e. not service indicators	Outturn expenditure as proportion of budgeted exp'ture.	Value of general fund debts outstanding for more than 6 months per £m of general fund expenditure (New Indicator)	
						Full-time equivalent senior indirect staff as % of total full-time equivalent in general fund services (No indication of the timescale for introduction is given, but ref. is made to information being already available.)		
				Proportion of working days lost to sickness absence and unexplained absence, based on groups of employees, <ul style="list-style-type: none"> • chief officers and APT&C • craft and manual • teachers 	New Council wide indicators		Working days lost through sickness and unexplained absence as a percentage of the total working days available. (Proposed new A.C. P.I.)	

	1996/97	1997/98	1998/99	1999/2000	Accounts Commission proposed changes for 1999/2000	Scottish Office proposed introductions for prototype PPRs 1999/2000, i.e. could be part of PPR in June 1999	Scottish Office proposed introductions for 2000/2001, i.e. could be part of PPR for May 2000	Scottish Office Aspirational Changes
General Indicators						Percentage turnout for local elections Proposed Scottish Office new P.I. Candidates contesting council seats		
				Number of complaints classified by Ombudsman as maladministration	New Council wide indicators, i.e. not service indicators. Already provided in Annual Rep.			
				Number and value of successful claims against council paid out in financial year, per 1000 of population	New Council-wide indicator, i.e. not service indicator.		The value of successful litigation claims against the authority per 1,000 adult population in respect of: Housing services Highways, including footways All other services	
								Effective use of Information Technology
								Effective use of capital resources- buildings, land and machinery
								Effectiveness of treasury management- management of total debt and investments
								Competencies/training/qualifications of staff