

Report

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Report to:	Performance and Review Scrutiny Forum
Date of Meeting:	26 October 2010
Report by:	Executive Director (Finance and Information Technology Resources)

Subject:	Review and Prioritisation of Performance Measures (SPI/LPI/VFM)
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise the Performance and Review Scrutiny Forum of the results from the recent review and analysis of Statutory Performance Indicators (SPIs) and Local Performance Indicators (LPIs)

2. Recommendation(s)

2.1. The Forum is asked to note the following recommendation(s):-

- (1) that pending receipt of the 2009/10 SPI ranking data, Resources will, through the CIAB, explore and identify, where appropriate additional action may be required to target improvement in the High Importance SPIs;
- (2) that Resources, through the CIAB, progress actions to ensure that LPIs remain adequate in terms of coverage, mix and effectiveness; and
- (3) that a further report be presented to the Forum when the action to be taken relating to individual SPIs has been confirmed by Resources.

3. Background

3.1. A previous report to the Forum (18 May 2010) agreed that work should be carried out to propose a new approach to the prioritisation of SPIs and determination of targets for improvement. This was against a backdrop of deterioration in the ratio of improvement/decline in SPIs.

3.2. It was also noted that consideration should be given to LPIs, specifically in terms of coverage and mix of indicators.

3.3. The Forum is advised that In addition, given the increased focus on cost, productivity and outcomes, the Council's use of efficiency/VFM indicators is also being reviewed.

4. Addressing the issue

4.1. The Corporate Improvement Advisory Board, at its meeting on 29 June 2010, agreed to undertake a three part exercise:-

- ◆ review 25 SPIs retained under the Accounts Commission 2009 Direction, and determine their relative importance against Connect and Resource priorities
- ◆ building upon the work undertaken by Resources last year, review the SPI/LPI spreadsheet against a small number of self assessment questions designed to test both the relevance and coverage of the indicator set used in each Resource

- ◆ implement the recommendations from work being undertaken by CIU/Finance to review of the use of efficiency or value for money indicators, and unit cost information

5. SPI Analysis- Finding and recommendations

- 5.1. Resources were asked to review the 25 SPIs based on their relevance to Connect and Resource priorities and thereafter to rank the indicators in terms of relative (High, Medium or Low) importance. Responses confirmed:-
- ◆ 16 are of High importance and 14 of these directly contribute towards Council priorities
 - ◆ 7 are of Medium importance with 2 of these contributing towards Council priorities
 - ◆ 2 are of Low importance and neither are Council priorities
- 5.2. It is useful to re-state at this point that the primary reason for undertaking this exercise was to prioritise the new SPIs and attempt to arrest any decline in those SPIs which were identified as of High importance to the Council.
- 5.3. The Corporate Improvement Unit analysed Resource responses, taking account of 2009/10 SPI performance information provided by Finance Services. Account was also taken of ranking positions in 2008/09 compared with other Scottish local authorities. Ranking information for 2009/10 is not available until December 2010.
- 5.4. Finance Services' report on the 5 year analysis of SPI results for the Council provides details of factual information in relation to movement in performance over the 5 year period to 2009/10. This report supplements this by prioritising the SPIs and identifying areas for further action. The comments provided by Resources to Finance will provide a starting point to addressing the questions raised by this analysis.
- 5.5. A number of conclusions have been drawn from this high level analysis which are noted below and a number of recommended actions identified (in bold) in paragraphs 5.9 - 5.10 below. These actions will be reviewed and acted upon when the 2009/10 ranking information is received in December 2010.
- 5.6. As this is the first year using the 25 SPIs, the tables below provides some useful contextual information. (It should be noted that while the number of SPIs have been reduced from 59 to 25, a number of these indicators breakdown into sub measures totalling 50).

Table 1 – 25 Indicators

SLC Rating	Total	2008/09				
		Quartile 1	Quartile 2	Quartile 3	Quartile 4	Not Ranked
High	16	4	6	3	0	3
Medium	7	2	2	3	0	0
Low	2	1	0	1	0	0
	25	7	8	7	0	3

Table 2 – 50 Measures

SLC Rating	Total	2008/09				
		Quartile 1	Quartile 2	Quartile 3	Quartile 4	Not Ranked
High	32	9	9	5	1	8
Medium	14	2	7	5	0	0
Low	4	2	0	2	0	0
	50	13	16	12	1	8

5.7. Key points:-

- ◆ of the 25 retained SPIs, the Council currently ranks in the top quartile for only 7
- ◆ of these 50 measures comprising the 25 SPIs, 24 are improving, 23 are declining and 3 are static
- ◆ ranking data is not available for 8 measures
- ◆ there are no SPIs ranked in the bottom quartile

5.8. Summary recommendations:

The undernoted table summarises where additional action is proposed in relation to the 25 SPIs and the narrative below the table explains the extent of the action to be explored. This will be reviewed and finalised once the 2009/10 SPI ranking information is received.

Table 3 – SPI action

Summary action			
Indicator No.	Subject	Resource	Discuss further
1	Sickness absence	Corporate	Yes
2	Equal opportunities	Corporate	No
3	Public access	Housing and Technical	No
4	Benefits – gross admin. cost	Housing and Technical	No
5	Council Tax cost	Housing and Technical	Yes
6	Council Tax collected	Housing and Technical	Yes
7	Invoices paid within 30 days	Finance and IT	No
8	Asset Management	Housing and Technical	Yes
9	Home Care	Social Work	Yes
10	Pool attendance/Sport Centre attendances	Community	No
11	Museum visitors	Community	No
12	Libraries – usage	Education	No
13	Planning applications processing	Enterprise	No
14	Response repairs	Housing and Technical	No
15	Housing Quality Management	Housing and Technical	Yes
16	Rent loss due to voids	Housing and Technical	No
17	Re-lets	Housing and Technical	Yes

18	Rent arrears	Housing and Technical	Yes
19	Homelessness	Housing and Technical	Yes
20	Domestic noise complaints	Community	No
21	Complaints and advice requests processing	Community	Yes
22	Carriageway conditions	Enterprise	No
23	Net cost of refuse collection/disposal	Community	Yes
24	Refuse recycling	Community	Yes
25	Cleanliness rating	Community	Yes

5.9. High importance indicators:-

- ◆ There are 2 indicators (SPI Ref 3, and 14) which are improving or maintaining performance levels, and are in the upper quartile of performance across all 32 local authorities. **No specific action is required relating to these, but it would be expected that this position would be maintained.**
- ◆ There are 5 indicators (SPI Ref 1, 5, 6, 8 and 24) which are improving or maintaining performance levels, but are not in the upper quartile. In addition, there is 1 indicator (SPI 25) showing a decline in performance and which is currently in the third quartile and 1 indicator (SPI Ref 15) which shows a decline but where no ranking information is available. **For these indicators it is proposed that Resources consider action necessary to identify if the Council can either further improve its performance and ranking and move into the next quartile and in the case of the declining indicator, reverse this trend.**
- ◆ There is 1 indicator (SPI Ref 4) which shows a decline in performance, but no ranking information is reported, however the decline is minimal. There is also 1 indicator (SPI Ref 16) which shows a minimal decline in performance, but ranking remains within the top quartile. In addition, there is 1 indicator (SPI Ref 22) where final audited ranking information is available for 2009/10 at this time and this demonstrates an improvement in ranking from Quartile 3 to Quartile 2. **No specific action is required relating to these, but it would be expected that this position would not worsen.**
- ◆ The remaining 4 indicators (SPI Ref 9, 17, 18 and 19) comprise a number of measures within each indicator and show a mix of improvement and decline, and a range of, or no, rankings. **It is recommended that Resources be asked to consider appropriate action where either the performance is declining or the ranking is outwith the upper quartile.**

5.10. Medium importance indicators:-

- ◆ It is recommended that **consideration is given in the first instance to the 2 indicators which are noted as being a Council priority (SPI Ref 21 and 23).** Performance in both of these has declined from 2008/09 to 2009/10 and both are ranked in the second lowest quartile. In terms of performance, Community Resources note that this is linked to increased fuel costs and landfill tax. Therefore whilst the issue of performance has been explained, **it is recommended that Community Resources are asked to consider if a phased improvement in performance and/or ranking is viable and/or feasible over the next 1-2 years.**
- ◆ The remainder of the indicators are of medium importance to Resources but not linked to Council priorities. There is a mix of performance and ranking across these indicators. Whilst it is not suggested that Resources can be complacent

about any decline in performance or ranking compared to other local authorities, it is proposed that efforts in these areas should follow after those relating to Council priorities.

5.11. Low importance indicators:-

- ◆ Neither of these indicators relate to Council priorities. Indicators are subdivided and performance is generally improving. **There is no action recommended.**

6. LPI Analysis - Finding and recommendations

6.1. The number of Statutory Performance Indicators has reduced significantly for the first time in 2009/10, reducing in number from 59 to 25. However, the majority of the remaining indicators have been retained by Resources and now feature in the suites of Local Performance Indicators. As well as an assessment of SPIs, Resources also conducted an analysis of the mix, effectiveness and coverage of LPIs, which include those previously included as SPIs.

6.2. It is important to note that whilst SPIs relate to areas of particular importance identified by the Accounts Commission, these do not provide coverage of all areas of importance to the Council. These areas are picked up through the suites of LPIs in place within Resources. An example of this is relates to Educational attainment, where there are no SPIs, but a range of LPIs in place. This demonstrates the importance of LPIs, and highlights the need to ensure that these are reviewed and updated regularly.

6.3. Each Resource was asked to:-

- ◆ review the information previously provided in December 2009 against a number of self assessment questions to identify any gaps in coverage or mix of measures. The question set used was drawn from Empower, the Best Value Toolkit on Performance Management and the Best Value characteristics
- ◆ identify any proposed remedial action to ensure that the suite of measures remains 'fit for purpose'. It is acknowledged that this will vary across Resources

6.4. The analysis and review carried out by Resources, based on the common question set, confirmed that there is regular and in most cases a challenging approach to the establishment and use of performance measures. Resources have confirmed remedial action to address any areas of weakness.

7. Efficiency and Value for Money Indicators

7.1. Over recent months the Accounts Commission has highlighted the need for councils to have in place measures demonstrating an understanding of unit cost across key service areas. This should lead to more targeted use of resources and identify and drive out inefficiencies. In response to this the Council has now started reviewing its current approach, both in terms of establishing what information is currently available and how effectively it is used, as well as the development of an in-house model to be used to interpret performance results.

7.2. The aim for SLC is to bring together a small number of indicators which meet the following criteria:-

- ◆ Ease of collection
- ◆ Meaningful
- ◆ Priority for the Council
- ◆ Big spend services

7.3. Progress on this area of work will be reported to a future meeting of the Forum.

8. Connect 2012

8.1. All of the work referred to above is targeted at providing an assurance that Resources have an effective approach to identifying effective performance measures and ensuring they are reviewed and updated as necessary. In looking forward to the development of the 2012 version of Connect, it is intended to further review actions and measures to ensure an appropriate balance of quantitative (input/output) and qualitative measures (outcome/customer focus).

9. Employee Implications

9.1. There are no employee implications.

10. Financial Implications

10.1. There are no financial implications.

11. Other Implications

11.1. There are no other implications

12. Equality Impact Assessment and Consultation Arrangements

12.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

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7 October 2010

Link(s) to Council Improvement Themes and Objectives

Improvement Theme – Performance Management and Improvement

Previous References

Report to Forum (18/5/10) SPIs 2008/09 Update on declining SPIs and proposed future approach

List of Background Papers

Resources' SPI analysis and self assessments

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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