

BABERGH DISTRICT COUNCIL

FROM: Head of Corporate Services

REPORT NUMBER G82

**TO: Overview and Scrutiny (Stewardship)
Overview and Scrutiny (Community Services)**

**DATE OF MEETING: 29 August 2007
4 September 2007**

OPTIONS FOR THE PRESENTATION OF PERFORMANCE INFORMATION TO OVERVIEW AND SCRUTINY COMMITTEES.

1. PURPOSE OF REPORT

- 1.1 At the meeting of 5 June Overview and Scrutiny (Stewardship) Committee requested that options for the presentation of performance information to committee be brought forward to further assist Members in their overview and scrutiny roles. This report outlines the key aspects for consideration and puts forward a number of options for consideration. These options essentially involve decisions as to the numbers of indicators presented, the frequency of presentation and how much comparative information should be provided. It is intended that any changes would be incorporated into the next Finance, Risk and Performance Management Report in November.
- 1.2 The Overview and Scrutiny (Stewardship) Committee has the overall responsibility for performance management arrangements, but with so many indicators falling under the remit of the Overview and Scrutiny (Community Services) Committee, the views of both committees are being sought.

2. RECOMMENDATION

- 2.1 That Committee indicates its preference as to the number of indicators to be reported, (Options 1-5) the frequency of reporting (Options 6-9) and the comparative information to be provided in its regular Finance, Risk and Performance Management reports.

The Committee is able to resolve this matter.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no additional cost implications of this report unless the frequency of reporting to committee increases. Streamlining the number of indicators reported to committee will reduce the resource input into this aspect of performance reporting but its main benefit is likely to be improved quality of scrutiny rather than any cashable saving.

4. RISK MANAGEMENT

- 4.1 This report links to Strategic Risk 7: Financial, Performance and Risk Management in that the quarterly report forms a key and regular reporting mechanism on these aspects.

5. **KEY INFORMATION**

- 5.1 The Council is required to collect and monitor performance against over 90, nationally set, Best Value Performance Indicators (BVPIs). In addition, the Council chooses to report performance against some 60 Local Performance Indicators (LPIs) and sub indicators. Currently all of these 150 indicators are reported quarterly to Overview and Scrutiny (Stewardship) and Overview and Scrutiny (Community Services).
- 5.2 Up to the end of 2006/7 the actual performance for each indicator was reported against its annual target. In the report for the first quarter of 2007/8, presented at this Committee, additional information has been added to show trends and allow for better comparison of performance with other councils. The quarterly report has also latterly incorporated key finance and risk information as part of the Council's commitment to improving its Use of Resources and as such is presented as a joint report from the Heads of Finance and Corporate Services.
- 5.3 The Government has announced its intention to put forward a new performance framework for local areas from 2008/9 and this will incorporate changes to the way performance needs to be managed within the Council. In particular, BVPIs will cease, to be replaced by a smaller number of new national indicators, the details of which are promised this autumn.
- 5.4 Members have expressed a wish to explore different options for the presentation of the regular performance information reports received as part of their overview and scrutiny roles. Before discussing particular presentation options Members may wish to clarify the potential ways that they might wish to use this performance information in their overview and scrutiny roles.
- 5.5 The potential outcomes are for Members to:
- Be aware of the current level of performance for a specific indicator
 - Understand the direction of travel (trend) for an indicator
 - Be clear about the annual target for the indicator
 - Recognise both good performance and underperformance
 - Understand what has contributed to good performance and underperformance
 - Be aware of what actions have been taken or are proposed to address underperformance
 - Be able to compare the Council's targets and performance with that of other councils
 - Be given early indication if performance is not likely to meet the annual target and actions proposed to mitigate this
 - Take a more rounded view of the performance of a service or progress towards priorities than is expressed through individual indicators
 - Tie service performance more closely to financial performance and risk management.

Presentation options

- 5.6 There are a number of specific factors to consider:
- The number of performance indicators presented.
 - How often they are presented
 - The information provided to allow for comparison of performance or targets
 - The inclusion of information other than service performance indicators such as finance and risk

Appendix A sets out a number of options in relation to these factors along with some summarised comments on the advantages and disadvantages of each one. Further discussion on the options is shown below.

Numbers of indicators

- 5.7 The most fundamental question Members need to consider is do they wish to continue receiving regular (currently quarterly) reports on all 150 indicators. If so, there are ways in which information might be more effectively summarised to pull out the key variances, however, the reports and appendices are likely to remain sizeable especially if comparative information and trend data is added. This month's Finance, Risk and Performance Management Report provides an example of what this might look like.
- 5.8 If Members wish to consider a reduction in the performance indicators reported then there are a number of options. These include choosing a 'basket' of key indicators to be monitored regularly, these might be indicators which are considered to be the most important or perhaps ones which have been performing poorly and to which members decide to pay particular attention. Another option is exception reporting, where only those indicators that are significantly above or below target are reported to committee. This ensures that poor or deteriorating performance is specifically highlighted and brought to Members' attention quickly. A combination of both 'basket' and exception is also an option.
- 5.9 The advantages of reducing the numbers of indicators reported regularly to Committee are that more focus can be directed to areas felt to be particularly important and that it is easier to follow through on issues tracking progress and the effectiveness of, for example, remedial actions taken. It can enable a more effective scrutiny function giving Members more time to dig under the surface of key issues.

Frequency of reporting

- 5.10 Quarterly reporting to Committee is probably the best option for this council, although there is always an element of compromise depending on the indicators used. An annual 'stocktake' including more strategic indicators could also be useful especially if reduced numbers of indicators are used in the quarterly reports.

Comparative information and targets

- 5.11 Essentially the options are for comparisons over time, against other bodies whether locally or nationally and against the targets set by the Council. These have essentially been set out in the Finance, Risk and Performance Management Report already considered at this meeting. One further element would be to introduce a category that highlighted the risk of not meeting annual targets, this would give an early warning of potential problems, perhaps before they started to show themselves in the actual performance data.

Inclusion of other information on finance and risk.

- 5.12 This is already underway as part of the Council's drive to improve the way we integrate service and financial information under its 'Use of Resources' Action Plan discussed at previous meetings. The latest development of this approach is illustrated in this month's Finance, Risk and Performance Management Report discussed earlier in this meeting.

Next steps

- 5.13 If Members wish to continue to have all indicators reported to Committee, this will form the basis of the Quarter 2 report in November.

- 5.14 If Members wish to examine a basket of indicators in the Quarter 2 report it is suggested that a report is brought to your October committee meeting putting forward recommendations as to the indicators that should appear in the basket.
- 5.15 If Members wish to move to exception reporting, either on its own or in part an explanation of the principles on which the exceptions are based should form part of the Quarter 2 report.
- 5.16 When Members have indicated what comparative information they would like to see included it will be incorporated in the Quarter 2 report, if the information is currently available and if not it will be further developed and included as it becomes available.

6. **APPENDIX**

Appendix 1 - Presentation options – advantages and disadvantages

7. **BACKGROUND PAPERS REFERRED TO:**

None.

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Presentation options – advantages and disadvantages

Issue	Option	Advantages	Disadvantages
Number of indicators reported			
Option 1	No change – continue to report all Best Value Performance Indicators and Local Performance Indicators to committee quarterly.	<ul style="list-style-type: none"> ○ Full picture presented. ○ Members familiar with principles 	<ul style="list-style-type: none"> ○ About 150 BVPIs and LPIs presented ○ More difficult to focus on key areas ○ Presentation becomes very ‘dense’ if comparative information included ○ Volume tends to swamp finance and risk information
Option 2	Undertake a limited rationalisation – for example removing more operational indicators	<ul style="list-style-type: none"> ○ Some reduction in numbers 	<ul style="list-style-type: none"> ○ Still likely to be over 100 indicators ○ Similar problems to existing situation
Option 3	Report a limited ‘basket’ of indicators for each committee every quarter.	<ul style="list-style-type: none"> ○ Allows focus on the agreed key areas ○ Easier to recognise drops in performance or underperformance in these areas ○ Easier to pursue a more proactive approach eg what needs to be done ○ Easier to provide clear comparative information 	<ul style="list-style-type: none"> ○ Under performance of other indicators would be picked up by managers but not necessarily seen by Members regularly
Option 4	Report only on an exception basis ie. those indicators where performance is significantly above or below target or where performance is significantly deteriorating	<ul style="list-style-type: none"> ○ Focuses scrutiny and action on those areas where there is significant or persistent underperformance or on learning lessons from good performance ○ Improved ability to track and target action on underperformers ○ Easier to provide clear comparative information 	<ul style="list-style-type: none"> ○ Performance against a number of indicators would not be regularly reported to committee
Option 5	A combined approach where a ‘basket’ of the key indicators is reported regularly along with any other significant exceptions.	<ul style="list-style-type: none"> ○ Combines the best aspects of 3 and 4 above ○ Gives regular updates on key indicators ○ Allows for significant 	<ul style="list-style-type: none"> ○ Performance against a number of indicators would not be regularly reported to committee

		underperformance to be brought to Members' attention	
Frequency of reporting to O/S committees			
Option 6	Monthly	May be suitable for some operational data.	More resource intensive, many non operational indicators will show little change month to month
Option 7	Quarterly	Current reporting cycle allows for drops in performance to be picked by Members and acted upon without too long a gap	More strategic indicators will only change at intervals longer than 3 months
Option 8	Six monthly	Allows for an overview for more strategic indicators	Too long a time gap for many indicators
Option 9	Annually	Could be used as part of an annual stocktake feeding into a review of progress against the corporate plan	Too long a time gap for many indicators as part of regular reporting.
Options regarding the amount of comparative information			
	<ul style="list-style-type: none"> o Actual performance o Time based: eg. trends, direction of travel o Comparisons: eg. national quartile, local councils, similar local authority families 	Allows Members to compare performance over time and against other councils nationally and locally.	National comparisons well established in many areas but local comparisons may need further development
Options regarding progress towards targets			
	<ul style="list-style-type: none"> o Annual target o Current performance o Risk of not meeting annual target 	Would allow Members to assess progress towards target and to pursue further if there was a significant risk of not meeting the annual target.	Does not necessarily establish if our target is challenging but this could be assessed through comparative information.

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