



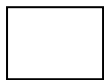
Report of the Assistant Chief Executive (Planning, Policy and Improvement)

Corporate and Central Functions Scrutiny Board

Date: 6th October 2008

Subject: Accountability Arrangements for 2008/09 and Quarter 1 Performance and Financial Health Report

Electoral Wards Affected:



Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

EXECUTIVE SUMMARY

1. Effective performance management enables senior officers and elected members to be assured that the council is making adequate progress and provides a mechanism for them to challenge performance where appropriate. The introduction of the Leeds Strategic and Council Business Plans 2008 to 2011 and changes to the national performance management arrangements has required us make changes to our performance reporting and accountability arrangements. These revised arrangements are set out in this report along with the results for quarter one. The Board are asked to review these arrangements to ensure that they meet their needs in providing a good overview of performance. The quality and robustness of our performance management arrangements will form a key element of the organisational assessment under the new CAA regime and therefore it is important that these arrangements are effective.
2. Previously the board has received separate reports on corporate performance and financial health. The quarter 1 financial health report is provided as an appendix to this report but from quarter 2 it is proposed that these reports are combined into one and the Board are asked to approve the draft reporting template.

1.0 Purpose of this Report

- 1.1 This report sets out the new approach to performance reporting and accountability which have resulted from the introduction of the Leeds Strategic and Council Business Plans 2008 to 2011 and changes to the national performance reporting regime. It also presents the quarter one performance results for Corporate and Central functions in this new format.

2.0 Background Information

- 2.1 Executive Board approved a new corporate planning framework for the council in July 2007. The strategic element of this framework includes two high level plans which set the policy objectives for the organisation and our partnership working. These are:
- **Leeds Strategic Plan 2008 to 2011** - which sets out the customer/citizen (external) focused strategic outcomes being sought by the council and its partners for the city. This plan includes our requirements to produce a Local Area Agreement and is the main delivery mechanism for the Vision for Leeds 2004 to 2020.
 - **Council Business Plan 2008 to 2011** - which sets out what the council needs to do internally to enable the organisation to achieve the Leeds Strategic Plan. That is outlining the business development, organisational change, process transformation and financial planning activities that we will be undertaking over the next three years.
- 2.2 Both these plans include a set of outcomes, improvement priorities and aligned performance indicators with three year targets. In order to support the delivery of the outcomes and improvement priorities it is important that there is a consistent approach to managing performance across the council. Through our performance reporting and accountability arrangements we need to track our progress against the improvement priorities as well as against the indicators to provide both a qualitative and quantitative picture of performance. This is because the scope of most of the improvement priorities is wider than that of the performance indicator and without some form of contextual reporting we would not be able to capture or monitor this progress.
- 2.3 The Audit Commission is still developing its proposals for the new Comprehensive Area Assessment (CAA) which will replace the current Comprehensive Performance Assessment (CPA) framework in 2009. As part of this new regime the best value performance indicators, previously used to report our progress to government, have been replaced by a new set of 198 national indicators. These national indicators replace approximately 1200 indicators and are a mix of public perception and outcomes measures with much less reliance on process based indicators.
- 2.4 Within the Leeds Strategic Plan 67 of the 89 performance indicators have been drawn from the national indicator set. Within the Council Business Plan four indicators have been drawn from the national indicator set but one of these is shared with the Strategic Plan. By performance management of these plans we are covering 70 of the 198 national indicators. However, whilst the new CAA framework does have some focus on these priority local indicators our performance against the whole of the national indicator set will form part of the overall process and thus have a significant influence on the overall judgement. Therefore, it is also important that we actively monitor and manage the performance of the other 128 indicators through our accountability processes.

- 2.5 Furthermore 31 of the targets within the Leeds Strategic Plan are 'designated' which means they are eligible for performance reward grant. The details of this grant is currently the subject of a consultation and we are expecting further details later in the year. However we do know that the pot of money available nationally is much smaller than the reward money which was given under the previous Local Public Services Agreements.
- 2.6 Over the last few years we have striven to improve our performance management arrangements and have taken the opportunity through these changes to make further improvements. In particular we have focused on embedding improvements in data quality for all the performance indicators we are using going forward so that we can be assured that the information we are using for our strategic decision making is accurate and reliable (see 3.4 below). Also we know that setting challenging yet realistic targets is crucial in helping to drive improvement. Guidance was issued to all directorates on the council's approach to target setting and it is a corporate requirement that targets are set for all Leeds Strategic Plan and Business Plan indicators. For other indicators (e.g. local and National Indicators not contained in either the Leeds Strategic Plan or Business Plan) it was left to directorates to determine whether it is appropriate to set targets but this was encouraged particularly where these support or add value to the performance management of our priority areas (i.e. Leeds Strategic Plan 2008 to 2011, Council Business Plan 2008 to 2011 and/or national/local indicators that are aligned to service plans).

3.0 Main Issues

Reviewing our Performance Indicators

- 3.1 As outlined above the move to the national indicator set represents a huge reduction in the number of indicators we have to report to government. However, it should be pointed out that many of these indicators are only required to be reported annually or in some cases every two years eg public perception measures from the place survey. This means that for many areas we might not be able to monitor our progress in year with the risk of surprises at the end of the year. Therefore, the challenge for us is to ensure that we can still maintain a good understanding of our overall performance and direction of travel and this definitely requires us to measure some additional indicators outside of the national set. This may be achieved, for example, through continuing to measure some relevant Best Value, PAF or corporate plan indicators or by using proxy or process indicators. We are currently also looking at which national indicators can be reported more frequently than annually.
- 3.2 Therefore, as part of the process of moving to the new national indicator set, directorates were asked to review their existing performance indicators and identify those that they are continuing to measure and those that they are deleting. For those that they are continuing to measure they were asked to identify those they want to use internally only as management information and those that should continue to be reported corporately to CLT and elected members. This review included all indicators reported via the old corporate accountability process ie all best value indicators and all indicators from the previous Corporate Plan 2005-8.
- 3.3 For all reported indicators directorates were asked to complete a performance indicator checklist which sets out the definition of the indicator, method of calculation and targets for next three years. Where targets have not been set this is because there is no supporting information available, or for where it is agreed that target

setting will add no value to the council's performance management framework. These checklists also asked them to identify those indicators that can be disaggregated to different spatial and/or equalities strands and to cross reference to improvement priorities, related policies and strategies, and service plan/risk register activity. At the same time directorates were also asked to provide a list of indicators that they will no longer be measuring together with the rationale for this decision.

- 3.4 As well as completing a PI checklist for each indicator directorates were also asked to complete a data quality checklist. These highlight the management arrangements for ensuring the accuracy of each performance indicator. The responses provided in this checklist are used to inform/provide the comments in the 'Data Quality Comments' column in the performance report. Where no checklist has been provided these have been marked as having "concerns" as we do not have any information to assure us that the information is robust and reliable and therefore have assumed that there are problems collating this data. Data quality remains an important element of the Use of Resources assessment and consequently poor data quality could adversely affect our organisational assessment score as well as the overall CAA judgement for the city.
- 3.5 Appendix 1 sets out the list of indicators that we will be reporting to this Board in 2008-09 including the frequency of results. This includes all Business Plan indicators along with additional national and local indicators.
- 3.6 Through this process we should have both a performance indicator and data quality checklist for all indicators that are reported via the corporate accountability process. Each checklist is required to be formally approved by the staff who are responsible for the information provided. Where these checklists are missing or incomplete this is highlighted in the data quality column in appendix 2.

Corporate Accountability Reporting Process

- 3.7 As outlined above our corporate performance reporting arrangements need to capture both qualitative and quantitative information for the Leeds Strategic Plan and Council Business Plan ie progress against performance indicators as well as supporting contextual information on all key activities that contribute to the achievement of the improvement priorities in order for a complete picture to be maintained.
- 3.8 It has been agreed that corporate performance reports are prepared quarterly and reviewed through the accountability process which includes CLT, LMT, Scrutiny Boards and Leeds Strategic Plan Strategy Group (NB this group includes partners). In addition Executive Board also receive these performance reports at quarters 2 and 4. For quarters 1 and 3 these reports comprise performance indicators with appropriate explanatory comments. For quarters 2 and 4 a more qualitative performance picture is presented including detailed action trackers for each improvement priority that also include the results for the aligned performance indicators (ie those in Leeds Strategic and Council Business Plans) as well as the rest (128) of the national indicator set as appropriate. In future Quarterly reports we will, as before, provide a covering report highlighting areas of particularly good or poor performance and a corporate balanced scorecard will provide a traffic lighted summary of overall performance against the Leeds Strategic Plan and Council Business Plan indicators.
- 3.9 Furthermore the Board has recognised the need to better streamline Business Plan and financial performance reporting going forward. Therefore, it is proposed that from quarter 2 onwards that a single report is received by the Board covering both

the performance against the Business Plan and the quarterly financial performance information. A reporting template has been developed (see appendix 3) for the Board to discuss. The quarter 1 financial health report is provided at appendix 4.

- 3.10 The emerging CAA will place a requirement on the council (and partners) to report on our progress in delivering our priorities. Therefore the quarters 2 and 4 action trackers will also form crucial evidence in this regard and should prevent the need for any other supplementary performance reports. In addition the highlight report from each quarter also provides a self assessment of our strengths and weaknesses which link to the red and green flags that will form part of the CAA judgement. This clearly demonstrates to our CAA lead that we understand, and are taking action based, on our own performance.
- 3.11 The move to the national indicator set means that there will not be any comparator information for these indicators for the foreseeable future. However, funding has recently been secured through the Regional Improvement and Efficiency Panel for all Yorkshire and Humber Authorities to subscribe to a national benchmarking club provided by PricewaterhouseCoopers. This club will enable comparisons with other members for all national indicators including in year comparisons where these are available. Furthermore the club also provides a mechanism for benchmarking other indicators eg corporate health indicators and old best value indicators. It is also likely that national comparisons against the national indicator set will be available through the Audit Commission. Once we have suitable comparator information we intend to add this information to the performance reports.

Quarter 1 Performance Report

- 3.12 Based on this new system the quarter one performance report for Corporate and Central Functions is provided in appendix 2 and includes all the relevant performance indicators that we can currently report quarterly for the Council Business Plan and any local indicators that have been nominated for inclusion. Where possible these have been traffic lighted and supporting commentary is provided. The report also includes the quarter 1 corporate balanced scorecard which provides an overall summary of progress for the Leeds Strategic Plan and Council Business Plan.

4.0 Implications for Council Policy and Governance

- 4.1 Effective performance management enables senior officers and elected members to be assured that the council is making adequate progress and provides a mechanism for them to challenge performance where appropriate. Effective performance management also forms a key element of the organisational assessment proposed under the new Comprehensive Area Assessment. Under the new framework one proposal currently being consulted on is for the performance management element of the assessment to take priority within the overall scoring mechanism. Regardless of whether that particular idea is adopted it is an indication of how important our own internal performance management process will be under the new CAA regime. The CAA will certainly examine and challenge of the robustness and effectiveness of our corporate performance management arrangements.

5.0 Legal and Resource Implications

- 5.1 The implementation of these new performance reporting arrangements is achievable within current resources across the organisations as they essentially replace an existing similar process.

6.0 Conclusions

- 6.1 The move to the Leeds Strategic and Council Business Plans and the changes resulting from CAA mean that we have had to review and revise our corporate performance management and reporting processes. This paper seeks approval for these new arrangements alongside the quarter 1 performance report.

7.0 Recommendations

- 7.1 The Board are asked to note the content of the report and provide their views on the following:
- Does the new set of performance indicators and the frequency of reporting proposed provide an overall picture of performance that allows the Board to fulfil its role? Are there any gaps or areas where further information is required? (Appendix 1)
 - Is the format of the performance report and the balanced scorecard fit for purpose, clear and logical or are there ways in which these could be improved? (Appendix 2)
 - Are the Board happy with the proposal to combine the Business Plan and Financial Plan reports from Q2? Is the template proposed suitable or are there any changes required. (Appendix 3)
 - Would the Board want comparator information to be added when it is available and if so what information would they find most useful?

Background papers –

Business Plan 2008-2011

Leeds Strategic Plan 2008-2011