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To: Cabinet – 13 September 2010

Subject: **TRANSPARENCY PROGRAMME: HOW WE ARE
SPENDING YOUR MONEY**

Classification: Unrestricted

Summary: Proposes an overall approach to the 'Transparency Agenda'
and seeks agreement to early publication of information.

FOR DECISION

1. Introduction and Background:

1.1 In the changing landscape of the public sector, KCC views transparency as a fundamental principle of how we do business. Staff throughout KCC must understand that the public have a right to know how tax payers' money is spent, and how effectively it is used. People should be able to easily access our information and we must explain to our residents, in plain English, how we are achieving best value for the tax payers' money that we spend. This agenda is therefore much wider than just the publication of data, and is actually about ensuring the culture of the whole organisation reflects this principle. It is about embedding a mindset that assumes all information (with well defined exceptions) will become publicly available. This forms the next step in the journey we've been on to share our information with the Kent public and builds on some of the good work that has been done so far - such as improving the budget book and developing Around Kent.

1.2 Transparency is a major theme running through the Coalition Government agenda. Eric Pickles has urged local government to be open about a whole range of information including salaries of senior staff and all items of expenditure over £500 and from 1st January 2011 this will be a requirement. All Whitehall ministries are due to publish their spend over £25k. The Secretary of State announced at the LGA conference he would do what he's asking of local authorities and publish at the £500 level. This happened on 12th August and can be found at:
<http://www.communities.gov.uk/publications/corporate/spendingdata0910>

1.3 This agenda presents a major opportunity for KCC to both further improve our relationship with Kent residents through a more informed conversation, but also in regards to how we do business in the future. Other authorities that have gone down this route have initial evidence to suggest that (a) increasing

transparency leads to residents feeling better informed about what their council does and more likely to judge that their council is providing good value for money, (b) staff are careful in making spending decisions, and the public are able to identify how staff have worked on bringing spend down. There is also the possibility that greater transparency on our private sector contracts will expose margins and help push their costs down further – which is a key element of our medium term financial strategy.

1.4 However, this is a fast-evolving picture and even those authorities who already begun this process are still learning rapidly and making changes. Some of what we propose to do in this paper goes beyond what other authorities are currently doing, so the potential impact cannot be determined. Finance have already been working with other authorities on ways of increasing confidence in comparative cost data and the way we account for our spend. How interested will the public be in raw data, and over time will they prefer aggregated and analysed data? Following the abolition of CAA the Government have outlined that they intend to require local authorities to publish on the web key indicators (including unit costs) that will allow local residents to compare performance and costs between authorities. Details of this are still awaited but the openness and systems that we will establish in this first phase will allow KCC to get ahead of the game.

1.5 Given the budget pressures, it is also vital to consider “how” we make this information available so that we avoid creating additional cost and effort for staff wherever possible.

2. Overarching Project Brief:

2.1 The overall scope of this agenda is set out below. The Group Managing Director has asked the Head of Strategic Policy, Debra Exall, to co-ordinate the work overall, reporting direct to her. Roger Gough and John Simmons are the responsible Cabinet Members for this work.

The Transparency Agenda: Over-arching Project Brief

<p>Purpose:</p>	<ul style="list-style-type: none"> ➤ To develop and implement a coherent approach across KCC on making information about the organisation and about Kent easily available to the public, voluntary and community sector, businesses and staff.
<p>Background to the programme:</p>	<ul style="list-style-type: none"> ➤ Coalition Government is making “Transparency” a key theme, essential for delivering on the “Big Society”. ➤ David Cameron said there should be “a presumption in favour of transparency, with all published data licensed for free reuse.” ➤ Eric Pickles’ June letter reinforced the requirement that councils will publish items of spend over £500 by January (guidance being published in the autumn), but that there is a wealth of other information in which the public has an interest

	<ul style="list-style-type: none"> ➤ The government has set up a Transparency Board which has issued principles which should govern the release of information.
<p>Desired Outcomes:</p>	<ul style="list-style-type: none"> ➤ A programme of data publication is developed, with some published very quickly (eg salaries and associated information for senior staff; invoices) and clear deadlines for subsequent phases of information publication. ➤ KCC influences the 'Right to Data' debate, including the national guidance to be issued in the autumn, and adheres to the spirit as well as the letter of the new legislation. ➤ People, businesses and organisations in Kent are satisfied with the way KCC delivers their 'right to data'.
<p>Constraints/Risks:</p>	<ul style="list-style-type: none"> ➤ Costs need to be kept to a minimum. We cannot afford to set up expensive systems or to have armies of staff checking and organising data. We must look to developing solutions that publish data automatically, with clear accountabilities for staff in relation to data quality and descriptions/explanations. ➤ Data must be 'explainable' so we are not faced with a greater demand for follow up detail and more explanation. ➤ Data must be given with the appropriate context – Kent is the largest shire authority in England and the public should understand the scale of the organisation and the number people we serve. Therefore it is critical we give sensible and intelligent information such as unit costs which express the true comparative cost of our services. The new Government have shown interest in improving the standardisation of data and unit costs across the public sector. ➤ Personal and commercially confidential information must not be published – but there are issues around definitions, justifications, and administration of such data. There is also a high risk that some personal data will be accidentally published. ➤ Whilst the Government message is "publish data quickly, even if it's wrong, and correct it subsequently", clearly it is important for reasons of credibility and trust that information is accurate in terms of numbers and descriptions. There are significant PR risks here. ➤ Risk of substantial increase in FOIs as people ask questions about the released information (although note that this has not been the experience to date of Northants or Windsor & Maidenhead). ➤ Need to manage expectations – for example, some of the data we hold and use (eg Mosaic) belongs to others and cannot be shared with third parties. ➤ All this will require a significant cultural change amongst staff (and indeed will be the driver for a culture change).

Key work streams:	<ul style="list-style-type: none"> ➤ Overall vision, possibly leading to developing a Statement of Required Practice for Transparency ➤ Communications Strategy ➤ Publication of Invoices ➤ Publication of Contracts & Tender documents ➤ Salaries, expenses, declarations of interest & hospitality ➤ Performance information ➤ Research & Intelligence & Member information ➤ Budget Book improvement ➤ Next iteration of Council Tax Leaflet ➤ Website improvement and public access to information ➤ Freedom of Information ➤ Communicating the culture change for staff ➤ Influencing/lobbying government on the guidance and the legislation <p>All this is underpinned by technology innovation and data quality work.</p>
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3. Timeline for action:

3.1 There is real urgency about getting information on expenditure and senior salaries, expenses, hospitality and interest declarations published quickly, because of what other local authorities are doing and what the Government has said it expects. The Government is encouraging early publication to gauge reaction before issuing definitive guidance in a Code of Practice in the autumn for implementation from January 2011. We will have more chance to influence that guidance if we have some experience of publication.

3.2 For pragmatic reasons, we will therefore need to have a quick fix prior to developing a permanent system. It will also be helpful to trial this work – we are a very large organisation with no experience of this and there will inevitably be teething problems. The external local media are likely to be very interested and possibly very critical, so we will need to do this as a learning pilot.

3.3 Below, I set out those aspects of work that need early decisions, with further information about other workstreams.

4. Publication of Invoices

4.1 Chris Luke, Interim Director of Strategic Procurement, is leading this workstream and has now undertaken two ‘dry runs’ of information. Our aim is find an automated and safe way to publish the data monthly, but it will take time before the process is smooth and both suppliers and staff will need to be educated about the implications of this. To begin with, the first dry run has shown that it will be necessary to go through the 11,000+ lines of expenditure which our monthly processes can produce and manually delete those which

have slipped through the net. Hopefully over time this would become less onerous, but for now there is no avoiding the fact that this will require some additional work. Work is in train to:

- Write to all the suppliers likely to be affected by this, advising them that we will shortly be publishing expenditure over £500.
- Pilot the publication of information about August invoices in September, starting with Environment Highways and Waste (small volume, and low risk in terms of personal information), whilst doing a “dummy run” of August invoices for the remaining directorates with a view to rolling out publication as soon as possible.
- To start with, exclude all foster, pension, Direct and Kent Card payments automatically, but during the dummy run look at these exclusions to see if there is material here that should be published. With Supporting People payments, use the dummy run to see what needs to be excluded.
- Exclude any inappropriate references to individuals (e.g. payment to a named barrister would be appropriate, mention of a client in a residential care home would not) - this is where we need to understand what the logistical implications really are, because this would need to be done manually, and the dummy run will help to reveal this.

4.2 Responsibility for agreeing what is published must lie with the Directorate that owns the information within the agreed framework. Any decision not to publish data (beyond those listed above) must be approved by Resource Directors and reasons why it is not to be published recorded.

4.3 There are some significant risks associated with this proposal. The main risk will be that Freedom of Information (FOI) requests increase dramatically because people seek further clarification of what the expenditure is for. The impact of this will not be known until we publish. Although the flip side to this is that FOI requests should fall over the long term as real openness and explanation mitigates the need for residents to submit FOI requests at all. Another risk is that personal information is published inadvertently, particularly if it proves laborious to check through the material prior to publication.

4.4 There are also risks around how our suppliers could use information to compare costs. Although greater transparency in some situations can bring downward pressure on costs by exposing margins, in uncompetitive market situations the reverse is true. There is no solution to this risk: it is an inevitable consequence of the level of transparency proposed and it is likely that our suppliers will be very interested in scrutinising the information we publish.

4.5 The position of Commercial Services has been discussed and it is consistent with previous reporting arrangements for the transparency programme to treat it as a supplier. Commercial Services' spend – and its £8m or so annual 'profit' returned to KCC - is visible in our statement of accounts as an 'internal provider'; Discussions with other authorities that have similar commercial organisations indicate that they will also take this approach.

4.6 Members are asked to note the risks associated with taking this approach to publishing expenditure over £500, and agree that the publication of invoices should start in September with EHW and be rolled out beyond that over the following months.

5. Contracts

5.1 Chris Luke is also leading this workstream. There has been much talk and discussion around publication of invoice data but next to none around contracts and tenders. Some councils have published invoice data in response to government exhortations but none have so far responded on the contract or tender front. This is presumably because it is considerably harder to guess exactly what it is that is required and then to actually do it.

5.2 Within KCC, tenders are required on all purchases over £50,000 but below that value, only quotations are required. All opportunities to tender over £50,000 are advertised on the Southeast Business Portal. If guidance on contracts and tenders was set at £50,000 instead of £500, Kent would be compliant today. Further discussion is taking place regarding Member oversight of tendering processes to make sure these are fair and transparent.

5.3 Any moves to change the threshold of £50,000 at which we advertise opportunities and require full tender processes will have a significant knock-on effect on resources required to run these more intensive processes. The threshold of £50,000 was set as a realistic balance between resources required and value for money opportunities.

5.4 We therefore propose that we publicise that KCC is already transparent in this regard (i.e. publishes all contract summaries and tendering opportunities over £50k) and lobby for this to be the national solution when combined with invoice transparency over £500.

5.5 Members are asked to endorse this recommendation pending definitive guidance from government later in the year

6. Salaries, expenses, and declarations of interest

6.1 Amanda Beer, Director of Personnel and Development is leading this workstream. There is a clear expectation that salaries over £100,000 should be published, and a suggestion that salaries above £50,000 should be published. Elected members are already ahead of officers on this agenda and have a range of data already available to the general public such as photos, addresses and expenses. It is important that this information is clearly visible in conjunction with these new publications on kent.gov so that the parity between the approach for members and officers is shown to the public.

6.2 The Corporate Management Team has already decided to publish the following on the web for each CMT member:

- Photograph
- Name
- Salary
- Expenses (monthly, year to date and last financial year total expenses – and it will be important that CMT have their expense forms/purchasing cards signed by the GMD with a clear explanation as to the nature and reason of the expense recorded as these will be made available if asked for)
- Hospitality received (and declined)
- Declarations of interest
- Job description and person specification

6.3 To put this in context, we will also publish bubble diagrams of the KCC budget, and an introductory video link from the Chief Officers which outline their role and explain what they do. Ultimately, we want to develop this so that there will be further videos of front-line staff talking about their work.

6.4 We propose that broadly the same set of information (except photos) will then be published in relation to the remaining M grades (£85,700 and above - this is a more logical cut-off for KCC than £100,000), but that will take a little longer to achieve.

6.5 For the remaining 400 or so staff on KR13-15 (£48k to £69k) or equivalent grades we will publish information about how many staff are on each grade and see whether there's really a public appetite for any more detail at this level. This will need to be accompanied by a communications plan to shape the message in the light of our recent experience over senior salaries.

6.5 This level of transparency makes it imperative that we have consistency and clarity about the rules governing officer expenses and Member expenses, in order to protect staff, Members and KCC's reputation.

6.6 Members are asked to NOTE this proposal.

7. Platform for publication – Open Kent?

7.1 Given the size and scale of KCC spend, an important part of the Transparency Programme work will be designing a web interface that allows residents easy access the data, but provides it in a highly visual way and which allows context and explanation to sit alongside data so that residents will understand the real world use of the money. This doesn't just mean text but new forms of interaction, e.g. the video clips of officers mentioned above, so it is a more personal experience for the user.

7.2 There has been a lot of discussion nationally (blogs and articles) about how best to publish information. 'Spotlight on Spend' is one example which has been praised by Eric Pickles, but also criticised widely because it doesn't provide raw data, only aggregated and analysed data, although Spikes Cavell have now promised to make the raw data available as well.

7.3 Following the experience of publication nationally, we are clear that we will publish data in a way that enables it to be manipulated and analysed (e.g. an excel spreadsheet rather than pdf), so that the public have direct control of how they wish to use the information. This could open up exciting new perspectives as third parties analyse and mix data which in turn could inform our own needs analyses and shaping of services. This would not only improve access to information for the public, but also give KCC additional opportunities to increase the effectiveness and efficiency of our services. This is unknown territory at the moment, but we should prepare to be responsive to how this might evolve. Of course it is also important to be aware that we will not be able to control this, and some of the ways in which people will use this data may not be helpful, and could be misleading.

7.4 Within Kent, we already have Open Kent (previously known as Pic 'n Mix) which was developed with IBM and local small businesses as an innovative way to enable data to be brought together by any individual in a useful and meaningful way.

7.5 Open Kent is still a pilot, but could be used, for example, for the publication of invoices without any additional cost. Work is being done to identify what costs would be needed to meet KCC's wider data-sharing aspirations, and in particular the need ultimately for a shared platform with partner organisations.

7.6 Potentially this could be an exciting way of providing information (see also next section on research and intelligence), but the first stage is identifying more clearly what information we want to publish in what form.

Members are asked to NOTE the progress being made

8. Improved Budget Book

8.1 The Finance Strategy Manager, Dave Shipton, is developing proposals to change the format of the Budget Book so that it will make more sense as a standalone document to the Kent public. The Book will be more explicit about what the money buys (by, for example, including key activity and performance information) and also where the money comes from (eg Council Tax, income, government grants).

8.2 Work is also being piloted with Localis and Somerset to develop better cross-authority comparisons and benchmarking information.

9. Research & Intelligence:

9.1 Peter Welsh has been commissioned by Alex King to produce a report by 12th September on how research, intelligence and information management should be delivered across KCC. Members, staff and the public all need to be able to access a wide range of information easily, and select that in which they are most interested. Open Kent has real potential here.

10. Communications:

10.1 This agenda represents a huge shift in organisational culture and business practice from that which currently exists. Yet its success is dependent on staff and managers changing the way they work and adopting new practices quickly so that KCC is seen to be on the front foot on this agenda. Led by Jane Clarke, Head of Communications and Media, a communication strategy will be developed to get key messages about the importance of this agenda out to all staff and managers as quickly as possible - so that they are aware and can engage positively. This will be part of the campaign to inform and involve people about the implications of the financial situation.

11. Summary and Recommendations:

11.1 This is an exciting opportunity to deliver a major cultural change within KCC that assumes everything we do should be publicly available unless explicitly prohibited, and seeks to ensure that Kent residents know the value of what we do as well as the cost. It is, after all, their money we are spending.

Members are asked to note the overarching project brief and general approach and to agree:

- the approach to publication of expenditure over £500 set out in section 4
- the approach set out in section 5 on contracts

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Background Documents:

- “The truth is out there: Transparency in an information age” Audit Commission Discussion Paper, March 2010 <http://www.audit-commission.gov.uk/SiteCollectionDocuments/AuditCommissionReports/NationalStudies/20100305thetruthisoutthere.pdf>