

By: Director Of Law & Governance  
To: Governance & Audit Committee – 4 December 2007  
Subject: Corporate Governance Performance Indicators

Classification: Unrestricted

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**Summary:** To report progress on Corporate Governance Performance Indicators

## **FOR DECISION**

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### **1. INTRODUCTION**

**1.1** A review of corporate governance was undertaken in 2005 which took a forward look at the public sector environment over the next five years and at our internal arrangements to see if they were ‘fit for purpose’ for the future. It was agreed that a ‘basket’ of indicators would be monitored to highlight any unusual trends in corporate governance performance.

**1.2** These Performance Indicators do not fully replace qualitative research into governance but they should be regarded as good ‘forecasters’ of potential problems, are relatively easy to track and they act as a cost effective way of routinely monitoring the position. Fluctuations in any one of them may have a reasonable explanation but a combination could indicate an underlying cause for concern.

**1.3** There is a growing interest in corporate governance arrangements in the public sector as a whole, particularly where there are increasingly varied service delivery and partnership arrangements. KCC’s corporate governance arrangements are consistently assessed as being strong by external and internal auditors. Evidence from a range of sources indicates that KCC is a well-run authority, with key features of effective governance in place.

**1.4** The first report on Corporate Governance Performance Indicators was presented to Governance and Audit Committee in September 2006 and it was agreed that progress would be reported to the Committee every year and reviewed in full after three years.

### **2. The Key Performance Indicators**

The following performance indicators were proposed by the 2005 review:

1. Performance against Towards 2010 targets
2. Budget control
3. Levels of assurance from internal audit reports

4. Levels of complaints to the Standards Committee
5. Levels of complaints- to the Ombudsman
6. Levels of complaints- to the County Council
7. Level of public satisfaction
8. Monitoring Officer or Section 151 Officer intervention
9. Number of ultra vires judgements/decisions
10. Number of non-compliance reports to the Information Commissioner - Data Protection, Freedom of Information and Environmental Information Regulations
11. Number of breaches in key legislation - Human Rights, Health & Safety, Sex Discrimination, Disability Discrimination and Race Relations
12. Levels of sickness, grievance and disciplinary cases
13. Levels of retention or recruitment

## **2.1 Performance against Towards 2010 strategic statement**

In September 2006, KCC set itself 63 targets in the *Towards 2010* plans for Kent. *Towards 2010* superceded KCC's *Next Four Years* document in providing a strategic framework for the council's programme and priorities for the period 2006-2010, along with strategies to be employed by directorates to realise those objectives.

Monitoring of these targets takes place twice a year with progress reported annually to the County Council.

An earlier draft of the Annual Report was presented to all five Policy Overview Committees (POCs) for comment in September 2007. This was felt to be an extremely valuable process for both Members and officers and the comments helped shaped the final draft of the Annual Report for County Council on 18 October 2007.

The Annual Report provides qualitative feedback on progress against each of the 63 targets. Outcome-based PIs are used to illustrate progress, where relevant. Members should note that data quality procedures underpin the PIs used in the Annual Report.

As with the former *Next Four Year's* annual reporting process, the *Towards 2010* reports will include a status designation to show the degree of progress made against each target from year two onwards. Overall performance will therefore be reported in next year's Corporate Governance Performance Indicators.

## 2.2 Budget control

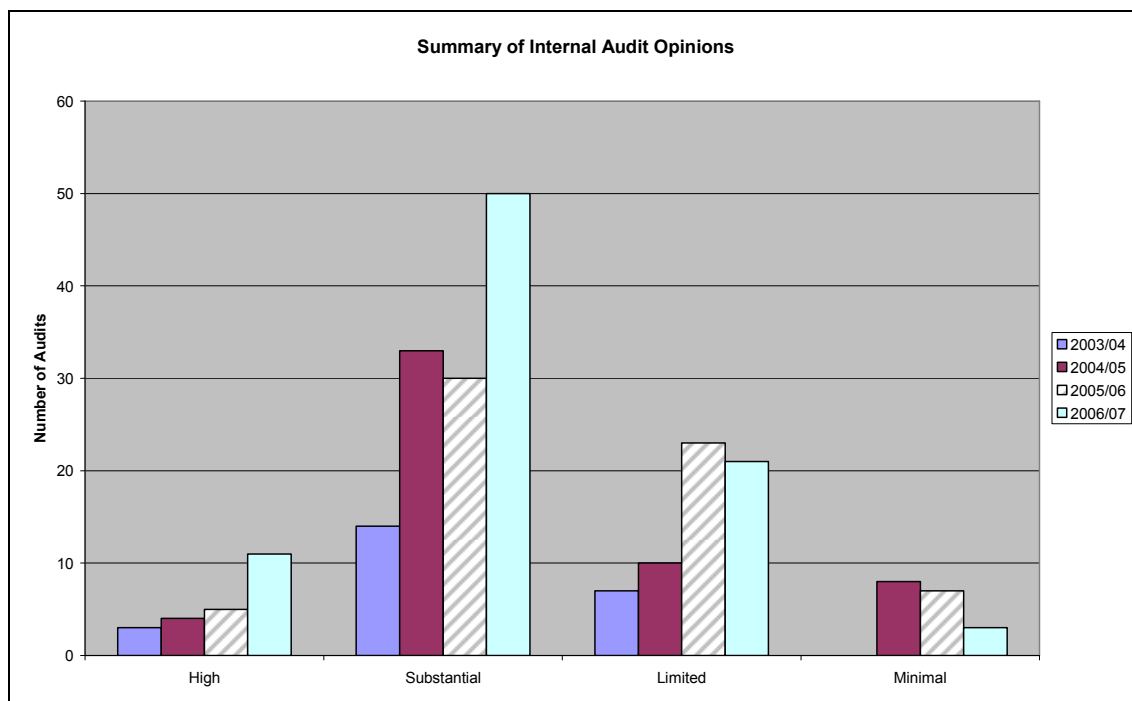
Full quarterly budget monitoring reports are reported to Cabinet in September, December and March each year. Revenue and capital budget exception reports are reported to Cabinet in July, October, January, February and April. Variance in forecast outturn is monitored (see **Appendix 1**) to improve monitoring reports. As from November 2007, POCs will receive regular finance budget monitoring reports.

## 2.3 Levels of assurance from Internal Audit reports

Internal Audit is an assurance function that provides an independent and objective opinion to KCC on the arrangements put in place by management for achieving service objectives and proper stewardship. The Internal Audit opinion covers the adequacy and effectiveness of the following:

- Control environment
- Risk management arrangements
- Governance framework and compliance with best practice

Assurances are provided in terms of an “Audit Opinion”, which provides one of four defined standards ranging from “high” to “minimal”.



High = Strong controls in place

Substantial = Controls in place but improvements beneficial

Limited = Improvements in controls or application of controls needed

Minimal = Urgent improvements in controls or the application of controls required.

In 2006, an analysis of the assurance levels given to audits over the previous 3 years showed that there was a higher combined percentage of minimal and limited assurances being given then compared to previous years. In 2003/04, the percentage was 29%. In 2005/06, the figure rose to 46%.

On investigation it was found that controls had not weakened. The audit plan for these years contained areas of audit where it was already known that controls were weak.

A new approach to audit planning and risk management was introduced in 2006/07 and reported to Governance and Audit Committee on 7 March 2007.

The approach involves service managers’:

- identifying their business objectives
- identifying the risks that could prevent the service objectives from being achieved and
- identifying the controls in place to mitigate the risks.

A significant part of the Internal Audit plan will be to test that these controls are working effectively, with the priority on controls common to several business units and/or those controls that significantly reduce the inherent risk.

#### **2.4 Levels of complaints to the Standards Committee**

Allegations and findings against KCC Members over the last three years have been as follows:-

	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>
Total allegations	2	6	10
Allegations dismissed without referral to Ethical Standards Officer	1	6	6
Allegations referred for investigation by an Ethical Standards Officer	1	0	4
Ethical Standards Officer findings following investigation:-			
No breach of Code	0	0	2
No further action required	1	0	2
Referred to Monitoring Officer	0	0	0
Referred to Adjudication Panel	0	0	0

Although there has been an increase in the number of allegations against KCC Members, none of the complaints investigated has warranted further action.

## 2.5 Levels of complaints to the Ombudsman

Complaints to the Ombudsman are reported to Governance and Audit Committee every six months. It is KCC's practice always to advise complainants of their right to pursue their complaint with the Ombudsman if the Council has been unable to resolve it to their satisfaction.

One case of maladministration causing injustice was found against the County Council by the Local Government Ombudsman, which was reported to Governance and Audit Committee in June 2007. This involved a Looked After Child placed in Kent by Essex County Council. The findings of the Ombudsman were accepted and Members of the Committee can be assured that the Authority has put in place arrangements to ensure no re-occurrence regarding cases of this nature.

**Appendix 2** shows that after a large and steady increase in the number of complaints against the County Council over the previous four years, the number fell back slightly in 2006/07. The restructuring of the County Council's Directorates from 1 April 2006 makes direct comparison difficult but, even so, it is clear that the fall in the overall number of complaints is largely due to a significant decline in the number of Education complaints. This may reflect that the effect of better signposting to the Ombudsman for unsuccessful school admission appellants has now worked its way through the system.

## 2.6 Levels of complaints to the County Council

	<b>2006/07</b>
Children Families & Education	275
Chief Executives	42
Communities	257
Environment & Regeneration	341
Kent Adult Social Services	430
<b>TOTAL</b>	<b>1,345</b>

Complaints are useful customer feedback, not to apportion blame where the service may not have been up to the standard expected but rather to develop a learning and customer responsive culture. A review of complaints in November 2005 highlighted the need for improved monitoring. When benchmarked with other authorities Kent appeared to receive fewer complaints. On investigation it was found that not all complaints were recorded and steps have been taken to improve this process in all directorates.

The number of complaints received by the County Council has therefore increased in 2006/07 (compared to 780 in 2005/06), This does not necessarily represent a decline in the standard of service, as the increase almost certainly reflects the effectiveness of the improved reporting procedure now in place. It also reflects the fact that people are better informed about our complaints procedure and more willing to exercise their right to complain if they are not happy with the service(s) they received. Full information on complaints is reported annually to the Policy Overview Committees.

From next year benchmarking performance with other County Councils will be included in this report.

## **2.7 Levels of public satisfaction**

Since 2000/01, the Government has required local authorities to carry out a survey every three years into residents' overall satisfaction with the services it provides. The Government uses some of the results to assess the performance of KCC and KCC uses the results to understand residents' opinions and priorities and also to improve its services wherever possible.

The last survey carried out between September and November 2006 required KCC to adopt a new methodology.

Compared with the results from the 2003/04 survey, public satisfaction in 2006/07 increased for seven services:

- Museums – up from 28% to 37%
- Theatres – up from 23% to 42%
- Local bus services – up from 40% to 51%
- Sports – up from 41% to 55%
- Libraries – up from 55% to 70%
- Parks – up from 54% to 74%
- Local tip sites up from 70% to 88%.

Over the same time, however, public satisfaction decreased for five services:

- Personal social services - down from 28% to 21%
- Planning - down from 32% to 25%
- Complaint handling - down from 33% to 27%
- Local Education Authority services - down from 39% to 31%
- Public transport information - down from 66% to 46%
- Overall satisfaction - down from 75% to 46%.

The substantial decrease in overall satisfaction is closely associated with the change in methodology from face to face interviews in 2003 to postal self completion in 2006. Most of the authorities who had used face to face methodology in 2003 also recorded significant decreases in satisfaction. The national trend for County Councils was for a decrease, but only of 4% from 54% to 50% over the three years on average.

In KCC's case the large decrease in public satisfaction is at variance with a Mori survey that revealed that 70% of the public think that KCC's performance has remained the same over the last three years, with 13% thinking it had improved and 16% who assessed that it had got worse.

It is difficult to be definite about how much KCC's overall satisfaction dropped between 2003 and 2006, but it is undoubtedly true that it has to some extent – with the results of the 2006 survey suggesting issues of information provision, participation in local decision making and some of the services being associated with the decrease.

The 2006/07 survey was the last in the series and will be replaced. Further details of this new requirement are awaited, but it is understood that the survey will produce results indicating residents' views on the outcomes of a range of policies and programmes rather than judgements on satisfaction with the authorities and services in the area.

## **2.8 Monitoring Officer or Section 151 Officer Intervention**

There have been no Monitoring Officer or Section 151 interventions in the last four years.

## **2.9 Number of ultra vires judgements/decisions**

There have been no ultra vires judgements/decisions in the last four years.

**2.10 Number of non-compliance reports to Information Commissioner (IC) - Data Protection, (DPA) Freedom of Information (FOI) and Environmental Information Regulations (EIR)**

Number of complaints against KCC received by the Information Commissioner over the last four **calendar** years:

YEAR	TYPE	No. of requests received	No. of referrals to IC	Percentage of requests referred	Status/Outcome
<b>2004</b>	DPA	70	1	1.42%	1x Complaint/withdrawn
	FOI & EIR	N/A	N/A	N/A	N/A
<b>2005</b>	DPA	106	0	0%	
	FOI & EIR	504	3	0.59%	3x Complaints/withdrawn
<b>2006</b>	DPA	126	1	0.79%	1x Complaint/withdrawn
	FOI & EIR	576	6	1.04%	1x Complaint/upheld – no enforcement action 2x Complaints/withdrawn 2x IC investigating 1x awaiting allocation of IC case officer
<b>2007</b> (up to 17 <sup>th</sup> Oct)	DPA	106	2	1.88%	1x IC investigating 1x awaiting allocation of IC case officer
	FOI & EIR	564	3	0.53%	3x awaiting allocation of IC case officer

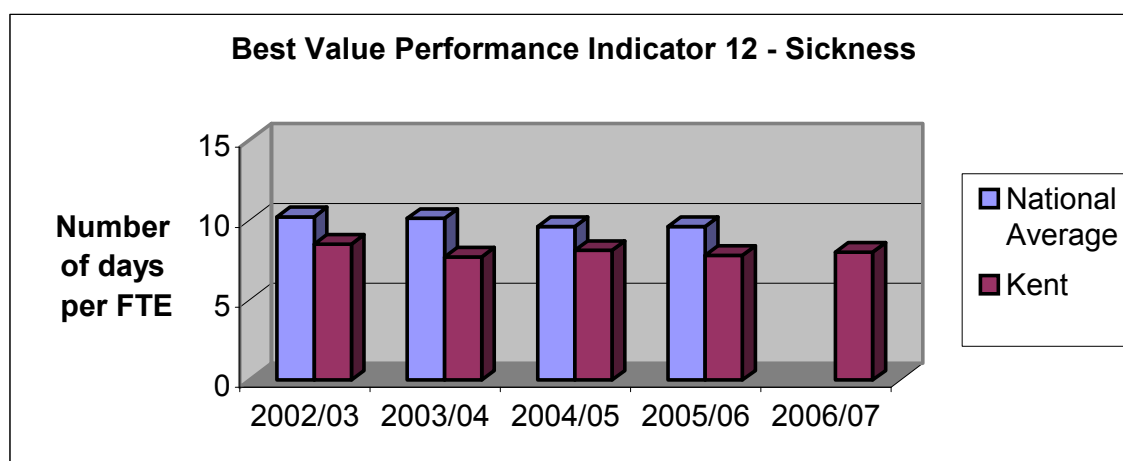
Of the eight complaints that the IC has investigated and completed, only one has been upheld in favour of the complainant. In this case, the IC was critical of KCC's failure to deal with the request for information in accordance with legislation but decided that enforcement action was not necessary following our review of the original request and taking into account the procedures we have in place for recognising formal requests for information (see **Appendix 3**).

Therefore, the total number of IC non-compliance reports to date is one, which represents 0.04% of the 2,052 requests for information handled since January 2004.

## 2.11 Number of breaches in key legislation - Human Rights, Health & Safety, Sex Discrimination, Disability Discrimination and Race Relations

Type of Case	2004/05	2005/06	2006/07
Sex			
Disability			
Race			
Human Rights			
Health & Safety prosecutions	1	1	
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>

## 2.12 Levels of sickness, grievance and disciplinary cases



Awaiting national figures for 2006/07

Type of Case	Number of Cases				
	2002	2003	2004*	2005/06**	2006/07
Disciplinary	70	129	215	165	219
Capability	47	107	232	74	157
Grievance/Harassment	36	56	103	96	130
Ill-Health	184	314	568	137	300
Redundancy (at risk)/ Review	57	54	162	115	208
Employment Tribunal	22	32	44	6	12
<b>Total</b>	<b>416</b>	<b>692</b>	<b>1,324</b>	<b>593</b>	<b>1,026</b>

\* Data quality issue      \*\* 15 month period

There has been an overall increase in all figures for 2006/07 compared to 2005/06. This relates to improved reporting procedures introduced in 2006/07.

## 2.13 Levels of recruitment and retention

Recruitment	2005/06		2006/07	
		%		%
Total number of applicants*	24,961		25,491	
Number appointed	1,275	5.1	957	3.75
Black & minority ethnic applicants (BME)	2,231		2,375	
Number appointed	51	2.3	62	2.61
Disabled (DDA) applicants	1,127		1,031	
Number appointed	31	2.8	53	5.14

\* The data (provided by the Recruitment Team in Employee Services) excludes: Schools based staff, Commercial Services, Home carers in Home Care, Carers in older peoples district service units, Early years & childcare, Temps, Gap year and work experience students

### Leavers

Directorate	Total	Male	Female	DDA	%	BME	%
2005/06	6,452	1,577	4,875	48	0.7	63	1.0
2006/07	5,955	1,358	4,597	52	0.87	72	1.21

There has been a slight increase in the number of disabled and black and minority staff appointed and leaving the organisation.

		2004/05	2005/06	2006/07	2005/06 Quartile
BVPI 11a	The percentage of top 5% of earners that are women. (excluding those maintained in schools) (improving)	42.9	43.9	46.5	Below Median
BV PI 11b	The percentage of top 5% of earners from black and minority ethnic communities. (excluding those maintained in schools) (improving)	1.5	1.9	2.2	Below Median
BV PI 11c	% of the top paid 5% of staff who have a disability. (excluding those maintained in schools) (Under Review)	3.1	2.4	1.8	Above Median

BVPI 16a	The percentage of local authority employees declaring that they meet the Disability Discrimination Act 1995 disability definition	1.9	2.0	1.8	Upper Quartile
BVPI 17a	The percentage of local authority employees from minority ethnic communities.	2.2	2.4	2.5	Below Median

Best Value Performance Indicators (BVPI) are monitored six monthly. These staffing indicators have been benchmarked with other county councils to compare our performance and help us improve. The trend for all indicators except BVPI 11c and 16a is improving.

### 3 CONCLUSION

**3.1** All KCC members, managers and staff have a role in ensuring effective governance by their behaviours and by their actions and these are governed by the Constitution and other protocols. The terms of reference for the Corporate Governance review specified that a list of Key Performance Indicators should be developed and this is the first time that such information has been reported in this format. All the information contained within the performance indicators is already monitored within directorates as a matter of good practice.

This is the second review of Corporate Governance indicators. Following the reorganisation of the directorates outcomes of complaints monitoring has been included.

Where trends in complaints have indicated an area for review, as in the level of Ombudsman complaints, there is a justifiable explanation for this deviation in trend. Where there are areas where we could improve, e.g. public satisfaction, the authority is already working to improve performance.

The overall conclusion from this second review of the performance indicators is that KCC is a well run authority with key features of effective governance in place.

### 4 RECOMMENDATIONS

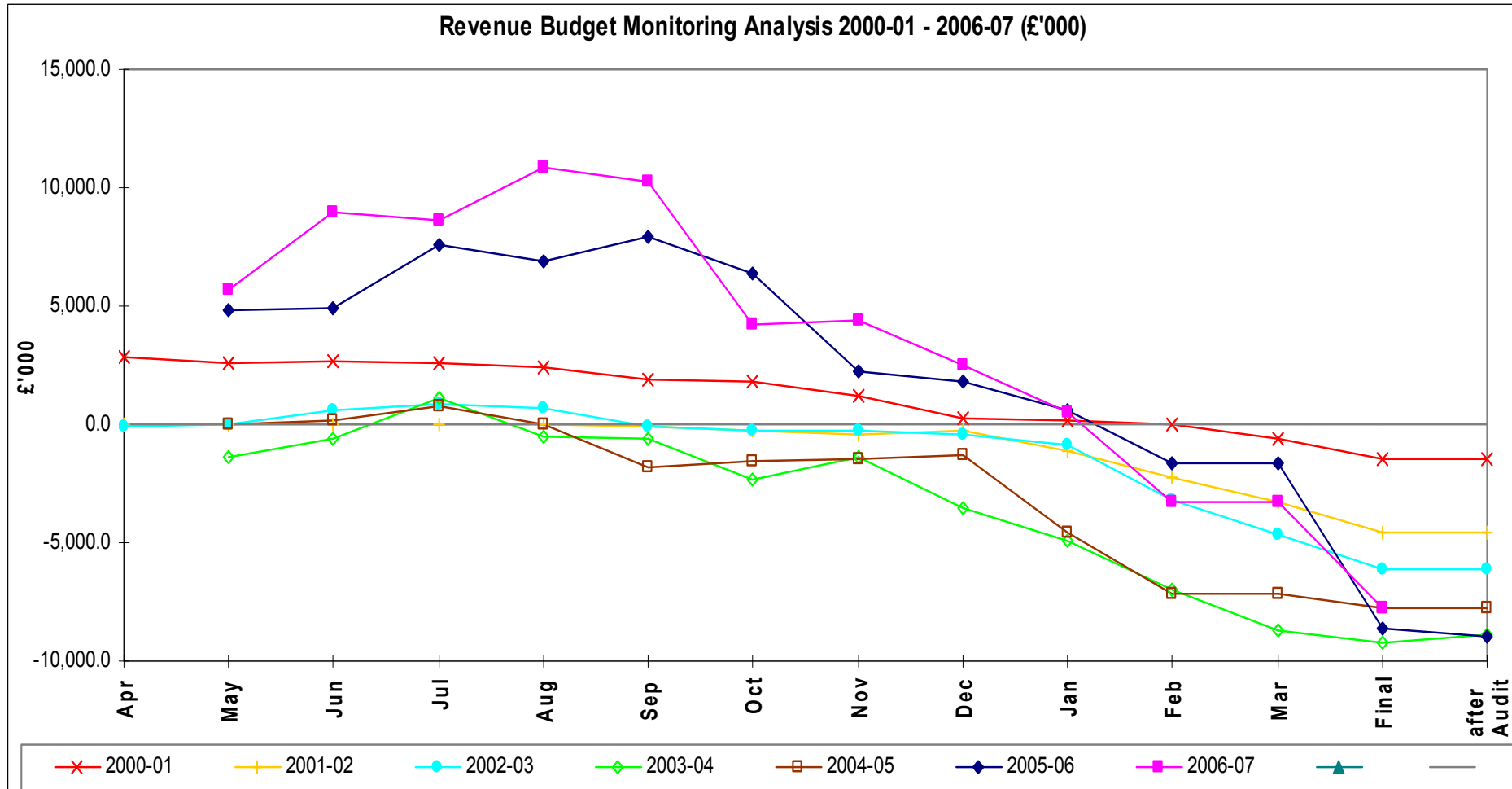
**4.1** Members are asked to NOTE the contents of this report and AGREE that the corporate governance performance indicators continue to be monitored annually by this committee and reviewed in 2009.

Janice Hill  
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Performance Management Group  
Ex 1981

Geoff Wild  
Director of Law & Governance  
Ex 4302

*Background Documents: None*

**APPENDIX 1**



APPENDIX 2

**COMPLAINTS RECEIVED BY LOCAL GOVERNMENT OMBUDSMAN OVER LAST 3 YEARS**  
**(EXCLUDES PREMATURE COMPLAINTS)**

COUNTY	POPULATION	2004/05			2005/06			2006/07		
		<i>Complaints determined</i>	<i>Per 100,000 Population</i>	<i>Maladmin.</i>	<i>Complaints determined</i>	<i>Per 100,000 Population</i>	<i>Maladmin.</i>	<i>Complaints determined</i>	<i>Per 100,000 Population</i>	<i>Maladmin.</i>
Kent CC	1.3m	100	7.7	0	121	9.3	0	116	8.9	1
East Sussex CC	0.5m	34	6.8	0	48	9.6	0	45	9.0	0
Essex CC	1.3m	60	4.6	0	84	6.5	2	83	6.4	3
Hampshire CC	1.2m	34	2.8	0	63	5.3	0	45	3.8	0
Surrey CC	1m	49	4.9	0	61	6.1	2	64	6.4	1
West Sussex CC	0.75m	41	5.5	0	44	5.9	0	30	4.0	0

## RECOGNISING FORMAL REQUESTS FOR INFORMATION



Environmental  
Information  
Regulations



Data Protection

Technically, any written request for information (this includes faxes and emails) falls under the definition of the Freedom of Information Act 2000. However, as it would be a logistical nightmare to try and deal with all communications received by KCC in this way, official guidance states that simple and/or day-to-day routine requests (e.g.: "What time does County Hall open?" or "Can I have a copy of your Statement of Accounts?") do not need to be logged as formal requests for information, but can be dealt with as we did prior to 1st January 2005.

Therefore, the three questions everyone in the KCC (and this includes councillors!) should ask themselves when they receive **any enquiry from an external source** are as follows:-

**Q1. Does the person requesting the information mention **Freedom of Information**, **Data Protection**, **Subject Access**, **Environmental Information Regulations**\* or ask for personal information about themselves or someone else?** \* note that EIR requests can be also be made verbally over the phone or face-to-face!!!!!!

**Q2. Would we consider withholding some/all of the information requested, perhaps because the subject matter is controversial?**

**Q3. Would we consider charging for the information, either because it would take us a long time to collate or there's lots of photocopying?**

If the answer is **no** to **all** of these questions, the request can be treated as "business as usual", **although we must still reply within 20-working days of receipt.**

If the answer is **yes** to **any** of the questions, the request should be logged and dealt with under FOIA, EIR or DPA legislation... **REFER THE COMMUNICATION IMMEDIATELY TO YOUR DIRECTORATE CO-ORDINATOR WHO WILL ADVISE YOU WHAT TO DO NEXT.**

**Chief Executive's Department**

**Adult Services**

**Children, Families & Education (FOI & EIR) Michelle Hunt**

**Children, Families & Education (DPA) Debbie Percival**

**Communities**

**Environment & Regeneration**

**Caroline Dodge**

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