

By: Director Of Law & Governance  
To: Governance & Audit Committee – 20 September 2006  
Subject: Corporate Governance Performance Improvement Plan Review

Classification: Unrestricted

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**Summary:** To report progress in delivering objectives set out in the Corporate Governance Performance Review Improvement Plans (PIP)

## **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 progress on the Governance Performance Indicators would be reported to the Governance and Audit Committee every year.

**1.2** Performance Indicators will not fully replace qualitative research into governance but they have been shown to be good 'forecasters' of potential problems and are relatively easy to monitor. Deterioration in any one of them may have a reasonable explanation but a combination would indicate an underlying cause for concern and they act as a cost effective way of routinely monitoring the position.

**1.3** It is widely anticipated that there will be 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 strong by external and internal audit. Evidence from a range of sources indicates that KCC is a well-run authority, with key features of effective governance in place.

### **2. KEY PERFORMANCE INDICATORS**

**2.1** A number of performance indicators were proposed by the 2005 review.

1. Service performance against Towards 2010 targets
2. Budget control
3. Joint Audit & Inspection Letter action
4. Levels of assurance from internal audit reports
5. Levels of complaints to the Standards Committee
6. Levels of complaints to the Ombudsman.

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

## 2.2 Service performance against Towards 2010 strategic statement

Towards 2010 follows KCC's Next Four Years document in providing a strategic framework for the council's programme and priorities for the next four years along with strategies to be employed by directorates to realise these objectives.

Monitoring of these targets takes place twice a year with progress reported in an annual report to Cabinet. Towards 2010 monitoring will follow that same format as for the Next Four Years.

The Next Four Years term expired in March 2006 and progress against each of the 83 targets is set out below in summary form.

Complete	63 (76%)
Excellent progress	12 (14%)
Not achieved	5 (6%)
No designated status	3 (4%)
TOTAL	83 (100%)

## 2.3 Budget control

Full quarterly monitoring reports are reported to Cabinet in September, December and March. Revenue and capital budget exception reports are reported to Cabinet in July, October, January, February and April. Variances in forecast out turn will be monitored (see **Appendix 1**).

## 2.4 Joint Audit & Inspection Letter action

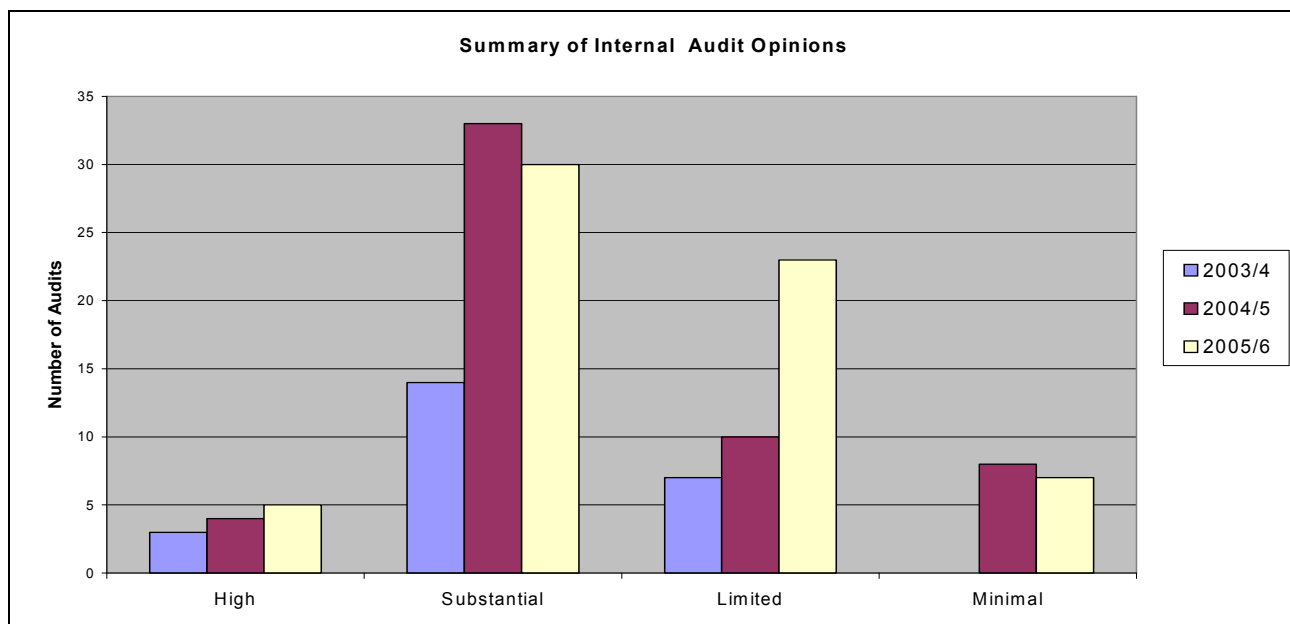
There was no action in 2004/05 that required further monitoring by our external auditors, PricewaterhouseCoopers. The 2005/06 Joint Audit & Inspection letter will be reported to Governance & Audit Committee in December 2006.

## 2.5 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.

## 2.6 Levels of complaints to the Standards Committee

The Standards Committee has not received any complaints in 2004/05 and 2005/06.

## 2.7 Levels of complaints to the Ombudsman

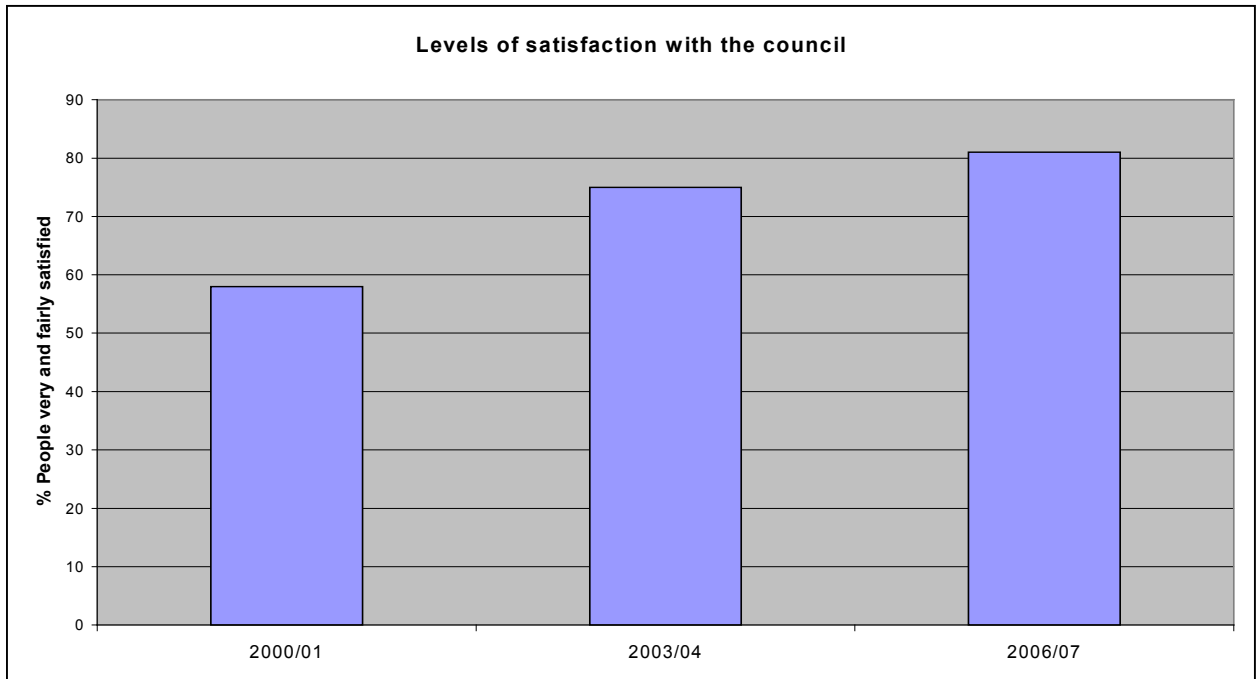
Complaints to the Ombudsman are reported to Governance and Audit Committee every six months. It is KCC’s practice always to advise complainants of their right to pursue their complaint with the Ombudsman if the Council has been unable to resolve it to their satisfaction.

There has been a large and steady increase in the number of Education complaints over the last three years, but no particular pattern to changes in the number of complaints relating to other areas. The increase in Education complaints - and in the

number of local settlements – arose from implementation of the co-ordinated school admissions scheme, coupled with better signposting to the Ombudsman for all unsuccessful appellants. See Appendix 1 for full breakdown.

## 2.8 Levels of public satisfaction

It is a Government requirement that every three years KCC carries out a survey of residents' satisfaction with KCC and the services it provides. The Government uses the results to assess the performance of KCC and KCC uses the results to improve its services wherever possible. In 2003/04 Kent Residents' satisfaction level was joint first overall when compared with upper tier and County Councils in England.



2000/01 postal survey

2003/04 face to face survey

2006/07 postal survey, unofficial provisional pilot, actual survey September 2006

## 2.9 Monitoring Officer or Section 151 Officer intervention

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

## 2.10 Number of ultra vires judgements/ decisions

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

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

Number of complaints against KCC received by the Information Commissioner over the last three years.

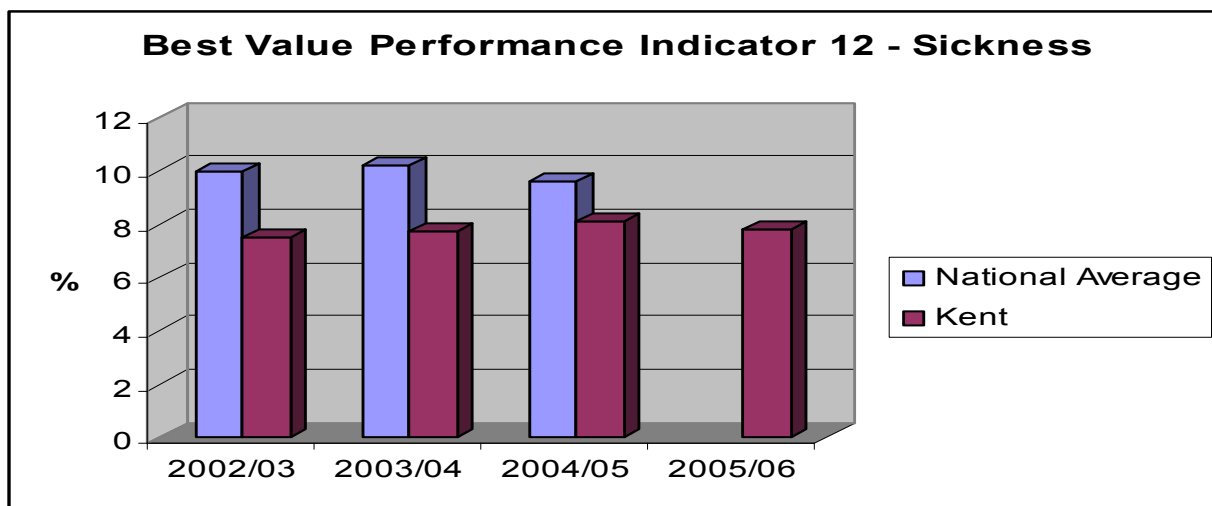
	<b>Data Protection</b>	<b>Freedom of Information</b>	<b>Environmental Information Regulations</b>
<b>2003/4</b>	1, Outcome: not upheld	Nil	N/A
<b>2004/5</b>	Nil	3. Outcome: 1 complaint not upheld, 1 awaiting IC decision, 1 awaiting IC investigation	Nil
<b>2005/6</b>	Nil	2. Outcome: both awaiting investigation	Nil to date

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

Information on sex, disability, race and human rights is currently collated with employment tribunal cases (see 2.13) but will be collected separately from April 2006.

<b>Type of Case</b>	<b>2004/5</b>	<b>2005/6</b>
Sex		
Disability		
Race		
Human Rights		
Health & Safety prosecutions	1	1
<b>Total</b>		

## 2.13 Levels of sickness, grievance and disciplinary cases



Awaiting national average figures for 2005/06

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

\* Data quality issue

\*\* 15 month period

## 2.13 Levels of retention or recruitment

It is planned to monitor the trend for the new Directorates. Below is an example of figures for 2005/06:

Recruitment		%
Total number of applicants*	24,961	
Number appointed	1,275	5.1
Black & minority ethnic applicants (BME)	2,231	
Number appointed	51	2.3
Disabled (DDA) applicants	1,127	
Number appointed	31	2.8

\* Does not include Schools, Commercial Services and 'non- APTC' staff in Home Care and Older People Direct Service Unit

## Leavers

Directorate	Total	Male	Female	DDA	%	BME	%
Corp. Services	959	429	530	9	0.9	6	0.6
E&L office	788	192	596	12	1.5	24	3.0
Strategic Planning	148	62	86	1	0.6	3	2.0
Social Services	693	112	581	12	1.7	23	3.3
Schools	3,864	782	3,082	14	0.4	7	0.2
KCC	6,452	1,577	4,875	48	0.7	63	1.0

### 3 PROPOSALS FOR THE FUTURE

3.1 It is proposed that the performance indicators are reviewed in three years when there will be more trend information available.

### 4 CONCLUSION

4.1 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.

Where trends have indicated an area for review, as in the level of Ombudsman complaints, there is a justifiable explanation for this deviation in trend. Areas of best practice are also highlighted, e.g. KCC has below the national average rate for sickness absence from work.

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

### 5 RECOMMENDATIONS

5.1 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 three years.

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*Background Documents: None*



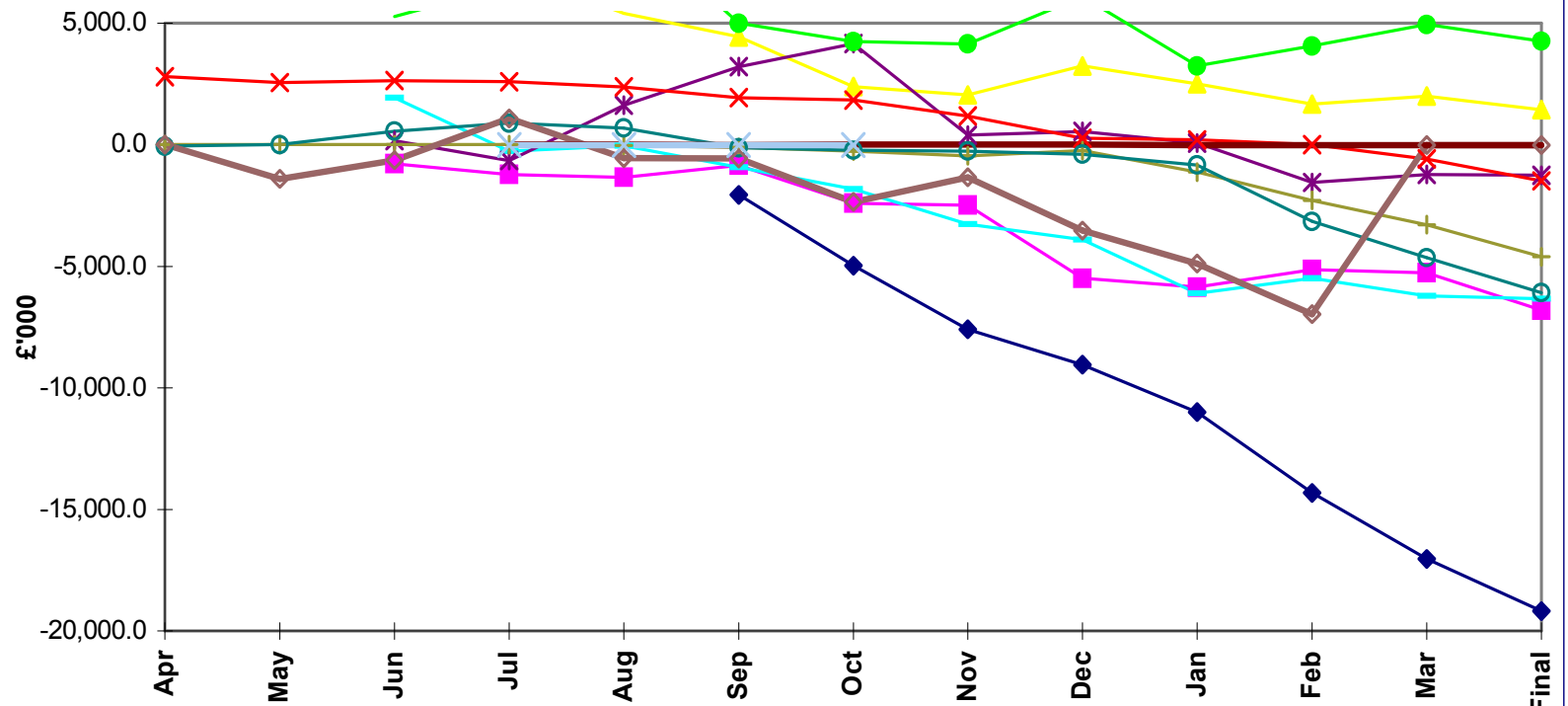
Appendix 1

**COMPLAINTS AGAINST KCC RECEIVED BY LOCAL GOVERNMENT OMBUDSMAN OVER LAST 3 YEARS**

**(EXCLUDES PREMATURE COMPLAINTS)**

Year		Corporate Services	Education & Libraries	Social Services	Strategic Planning	Misc	Total	Percentage Change from Previous Year	
								Kent	England
<b>03/04</b>	Total Complaints Made	8	39	13	13	0	73	+23.7%	+8.4%
	Settled Locally (not investigated)	0	10	1	0	0	11		
	Formally investigated	0	2	2	0	0	4		
	Maladministration Found	0	0	0	0	0	0		
<b>04/05</b>	Total Complaints Made	6	50	21	10	0	87	+19.2%	-1.5%
	Settled Locally (not investigated)	0	24	1	1	0	26		
	Formally investigated	0	6	1	0	0	7		
	Maladministration Found	0	0	0	0	0	0		
<b>05/06</b>	Total Complaints Made	2	86	18	17	2	125	+43.6%	-
	Settled Locally (not investigated)	0	25	3	1	0	29		
	Formally investigated	0	1	1	0	0	2		
	Maladministration Found	0	0	0	0	0	0		
<b>AS AT 20/06/06</b>	Decision on whether to investigate awaited	1	1	0	1	0	3		

Revenue Budget Monitoring Analysis 1994-95 - 2003-04 (£'000)



	Investigation in progress	0	1	0	0	0	1		
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