

By: Director Of Law & Governance  
To: Governance & Audit Committee - 2 December 2008  
Subject: Corporate Governance Performance Indicators

Classification: Unrestricted

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**Summary:** To report Corporate Governance Performance Indicator trends

## **FOR INFORMATION**

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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** 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** 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. With effect from 2007/08 KCC is required to prepare an Annual Governance Statement (AGS). The requirement was introduced in the Good Governance framework, CIPFA SOLACE 2007 which sets out six principles of corporate governance underpinned by a number of supporting principles and specific requirements. The AGS was reported to Governance and Audit Committee in June 2008.

**1.4** The first report on corporate governance PI's was presented to Governance and Audit Committee in September 2006. It was agreed that progress on the Indicators would be reported to the Governance and Audit Committee every year.

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

**2.1** A number of performance indicators were proposed by the 2005 review, which were subsequently amended in 2006 and 2007 after discussion with the Governance and Audit Committee.

The current set is as follows:

1. Performance against KCC's Towards 2010 targets

2. Budget control
3. Annual 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. Complaints from the public
8. Level of public satisfaction
9. Monitoring Officer or Section 151 Officer intervention
10. Number of ultra vires judgements/decisions
11. Number of non-compliance reports to the Information Commissioner - Data Protection, Freedom of Information and Environmental Information Regulations
12. Number of breaches in key legislation - Human Rights, Health & Safety, Sex Discrimination, Disability Discrimination and Race Relations Acts
13. Levels of sickness
14. Levels of grievance and disciplinary cases
15. Levels of retention or recruitment.

## **2.2 Performance against KCC's Towards 2010 targets**

In September 2006, KCC launched its priorities for the next four years (2006-2010). Delivery of many of the 63 *Towards 2010* targets requires cross-directorate and partnership working.

Each of the *Towards 2010* targets is accompanied by an action plan (published on KCC's website) that sets out how the target will be met, and which is updated at least annually.

Annual reports on progress are discussed and approved by County Council each autumn. A draft of the Annual Report was presented to all five Policy Overview Committees (POCs) for comment during September 2008. This is felt to be a valuable process for both Members and officers and the comments helped to shape the final draft of the Annual Report for County Council on 16 October 2008.

At this stage we are half way through the term of *Towards 2010*. Much progress has been made since the last annual report in 2007 and the current status of the 63 targets is as follows:

- 2 (3%) 'Done and ongoing'
- 54 (86%) 'On course'
- 7 (11%) 'More progress is needed'.

Those targets deemed 'More progress is needed' are subject to more frequent in-year progress meetings to get them back on track.

A shake-up of the performance indicator process has been undertaken since the *Next Four Years* process was completed in 2006. The *Towards 2010* Annual Report

contains around 70 indicators, a significant reduction on the number we reported for the *Next Four Years*. The report now includes a large number of outcome-based indicators (Members should note that the indicators are underpinned by data quality procedures). Those targets that are not subject to outcome-based indicators are measured by qualitative data which describes the progress made since the previous annual report.

### **2.3 Budget control**

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

This year, finance activity data reports are standard agenda items on POCs. Quarterly reports include finance and activity data and outturn business plan monitoring is reported to POCs in June.

### **2.4 Annual Audit & Inspection Letter(AAIL) action**

There was no action in either 2005/06 or 2006/07 that required further monitoring by our external auditors. The 2007/08 letter was reported to the Governance and Audit Committee on 30 June 2008. As Members may recall the only action needed by the Council was in reference to the Comprehensive Performance Assessment (CPA) Corporate Assessment (the results were unknown at the time of publication) regarding an improvement plan.

The CPA Corporate Assessment Improvement Plan is going to County Council in December for approval.

### **2.5 Levels of assurance from Internal Audit reports**

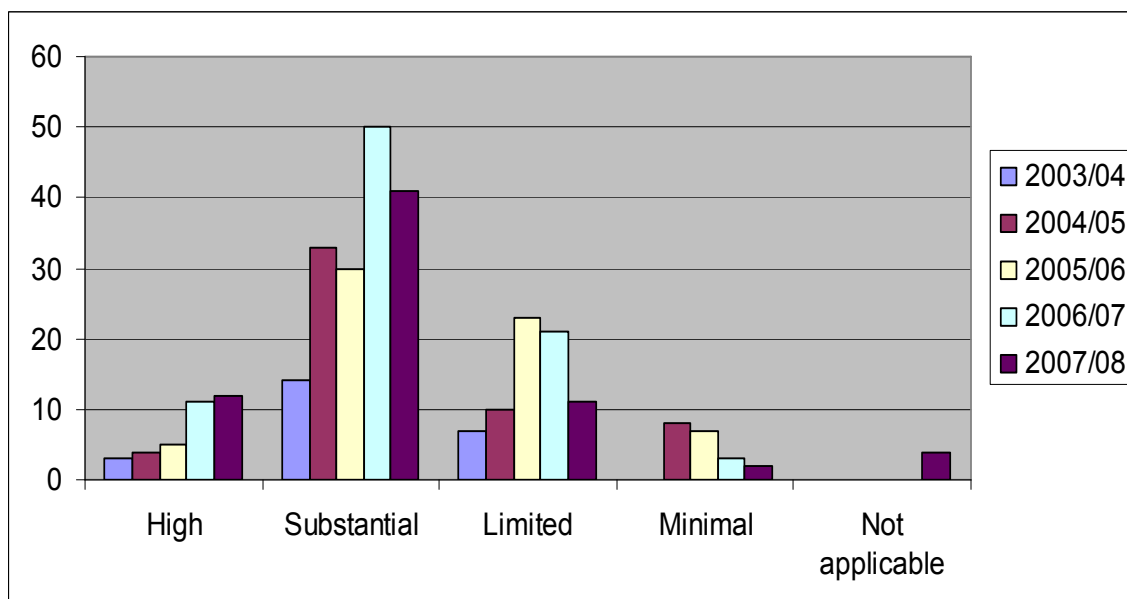
Internal Audit is an assurance function that provides an independent and objective opinion to KCC on the arrangements put in place by management for achieving service objectives and proper stewardship. The internal audit opinion covers the adequacy and effectiveness of the following:

- 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.
Not Applicable	= Reviews carried out in an advisory capacity i.e. Swift system review

## Audit assurance graph



During the course of the year Internal Audit undertook an Authority wide risk and control mapping exercise to streamline the audit planning process and ensure that the assurance activity was truly aligned to the business and corporate risks.

The risk and control mapping exercise enabled management to assign a score both to the inherent and the residual level of risk within each area of the business. By identifying areas of risk where management believes there to be a high level of control, Internal Audit were then able to focus internal audit resources to provide assurance that those controls were operating effectively during the year, or to highlight where improvements were required.

### 2.6 Levels of complaints to the Standards Committee

During 2007/08, there were 10 complaints to the Standards Board for England about the conduct of KCC Members. Of the 10, 6 were not investigated and 4 were referred to an Ethical Standards Officer for investigation. Of the 4 cases referred, none of those complaints was upheld.

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

	2004/05	2005/06	2006/07	2007/08
Total allegations	2	6	10	10
Allegations dismissed without referral to Ethical Standards Officer	1	6	6	6
Allegations referred for investigation by an Ethical Standards Officer	1	0	4	4
Ethical Standards Officer findings following investigation:				

	2004/05	2005/06	2006/07	2007/08
No breach of Code	0	0	2	4
No further action required	1	0	2	0
Referred to Monitoring Officer	0	0	0	0
Referred to Adjudication Panel	0	0	0	0

## 2.7 Levels of complaints to the Ombudsman

Complaints to the Local Government Ombudsman are reported to the 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 slight reduction in the number of complaints received by the Ombudsman this year and a full report on the 2007/08 Local Government Ombudsman's Annual Letter was discussed as an item at the June Governance and Audit Committee Meeting.

## 2.8 Levels of complaints by the public

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 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.

We were due to start benchmarking complaint information with other authorities this year but this has been deferred until after the areas highlighted for improvement in the Corporate Assessment Improvement Plan have been implemented.

	2005/06	2006/07	2007/08
Children Families & Education	289	275	485
Chief Executives	28	42	44
Communities	565	634	457
Environment & Regeneration	45	341*	660
Kent Adult Social Services	413	440	400
<b>TOTAL</b>	<b>1,340</b>	<b>1,732</b>	<b>2,046</b>

\* New monitoring system introduced part way through year.

### Explanation of variances:

#### Children, Families & Education

There has been an increase in recorded complaints due to changes in the way complaints are now logged within the Education part of the Directorate and the introduction of a new database part way through 2007/08.

### Communities

The number of complaints received by the Adult Education service has reduced in 2007/08. In 2005/06 and 2006/07 there had been a number of course cuts which resulted in a high number of complaints. Improved customer care training and staff being better able to deal with complaints when first raised has also reduced the number of complaints received.

### Environment & Regeneration

During 2007/08 Environment & Waste (E&W) improved their complaints reporting procedure and customer focus in order to achieve Charter Mark (customer service) accreditation in March 2008. E&W has been more proactive this year in ensuring its customers can offer feedback by a number of methods e.g. Country Park Comments Cards, Explore Kent website and customer surveys and this has increased the number of recorded complaints. The Charter Mark framework is being used as a tool for continual improvement in its customer focus and has improved the monitoring and reporting of complaints.

### The CPA Corporate Assessment

The Corporate Assessment highlighted areas for improvement in the way the Council handles complaints:

"The Council's use of and response to complaints as a resource to drive improved services is being further developed, but currently - although statutory requirements are met - directorates have inconsistent approaches, and mechanisms for monitoring and using complaints are underdeveloped. This inconsistency is reinforced by the mixed quality and availability of service standards.

These areas are being addressed by the County Complaints Group. All Directorates now produce an annual complaints report covering the following areas:

- Number of complaints
- How we received them; phone, letter, e-mail
- % answered within our standards
- % way complaints are being received (e-mail, phone, letter, in person)
- What we have learnt and what we have changed and improved
- Equality and diversity information

We will ensure consistent practice across all Directorates in monitoring and responding to complaints from the public and regarding use of complaints to drive service improvements

The corporate complaint leaflet and the website are also being updated to improve information to the public.

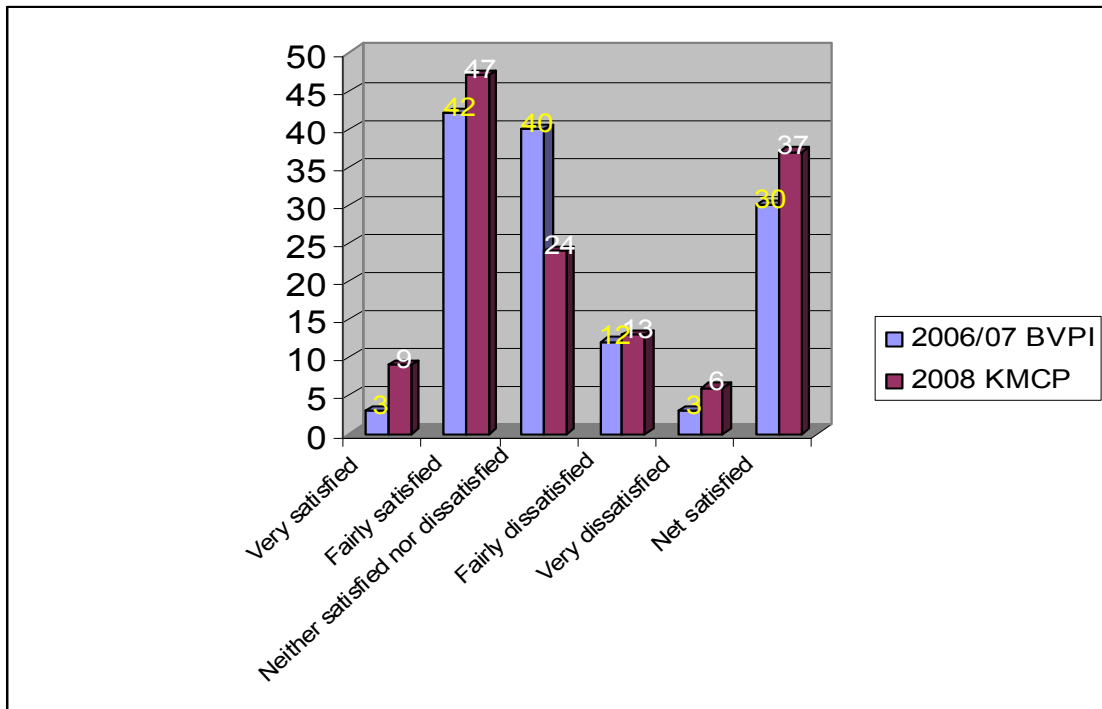
A KCC wide complaints report will be reported to POCs in January 2009. This report will look at what we have learnt from complaints and improvements made. It will also report on progress made on areas for improvement.

## **2.9 Levels of public satisfaction**

The public satisfaction survey carried out between September and November 2006 was the third and last in the triennial series of statutory BVPI general surveys. Since then KCC has commissioned Ipsos MORI to carry out a quota sample survey representative of Kent residents using the Kent & Medway Citizens Panel (KMCP) and

this included a question to measure public satisfaction with KCC. This was undertaken in Feb/March 2008.

Compared with the result from the 2006/07 survey public satisfaction with KCC has increased, as indicated in the chart below.



The percentage of respondents satisfied with KCC increased by 10% from 45% to 56%. The net satisfaction of respondents increased 7% from 30% to 37%.

The new statutory survey replacing the BVPI survey is the Place Survey. Despite the fact that BVPIs have been discontinued, the Place Survey requires authorities to collect data on certain former BVPIs and so time series comparisons will continue for public satisfaction with services such as recycling sites, public transport, libraries and country parks. The first Place Survey is being carried out currently (September to November) and results will be known in January 2009.

**2.10 Monitoring Officer or Section 151 Officer intervention**

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

**2.11 Number of ultra vires judgements/ decisions**

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

**2.12 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 three years is shown in the table below.

YEAR	TYPE	Total no. of requests received	No. of referrals to IC	% of requests referred	Status/Outcome of complaints to IC
2004	DPA	70	1	1.43%	1 not upheld
	FOI/EIR	N/A	N/A		
2005	DPA	106	0	0.00%	
	FOI/EIR	504	5	0.99%	3 withdrawn 1 abandoned - insufficient evidence for IC to pursue 1 upheld but no enforcement action necessary
2006	DPA	126	1	0.79%	1 upheld but no enforcement action necessary
	FOI/EIR	576	5	0.87%	2 withdrawn 1 IC state not in public interest to pursue 1 s50 decision notice issued ordering release of information 1 under investigation
2007	DPA	130	2	1.54%	1 not upheld 1 upheld but no enforcement action necessary
	FOI/EIR	702	7	1.00%	1 withdrawn 1 not progressed - insufficient evidence for IC to pursue 2 under investigation 3 awaiting allocation to IC case officer
2008 to 23/9/08	DPA	130	0	0.00%	
	FOI/EIR	698	2	0.29%	1 under investigation 1 awaiting allocation to IC case officer
		<b>3042</b>	<b>23</b>	<b>0.76%</b>	

Of the 16 complaints that the Information Commissioner has investigated and completed, 4 have been upheld in favour of the complainant but only 1 has required any remedial action on KCC's part. In this case (which also involved 34 other Councils who administer pension funds), the IC ordered release of the information that was originally withheld (information provided to superannuation trustees by external investment managers). The IC's decision can be viewed at [http://www.ico.gov.uk/upload/documents/decisionnotices/2008/fs\\_50155397.pdf](http://www.ico.gov.uk/upload/documents/decisionnotices/2008/fs_50155397.pdf)

Therefore, the total number of Information Commissioner non-compliance reports to date is 4 which is only 0.13% of the 3,042 requests for information handled since January 2004.

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

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

Type of Case	2006/07	2007/08
Sex		1
Disability		1
Race		
Age		1
Human Rights		
Health & Safety prosecutions		
<b>Total</b>	<b>0</b>	<b>3</b>

None of the above cases was found by against KCC.

## 2.14 Levels of sickness

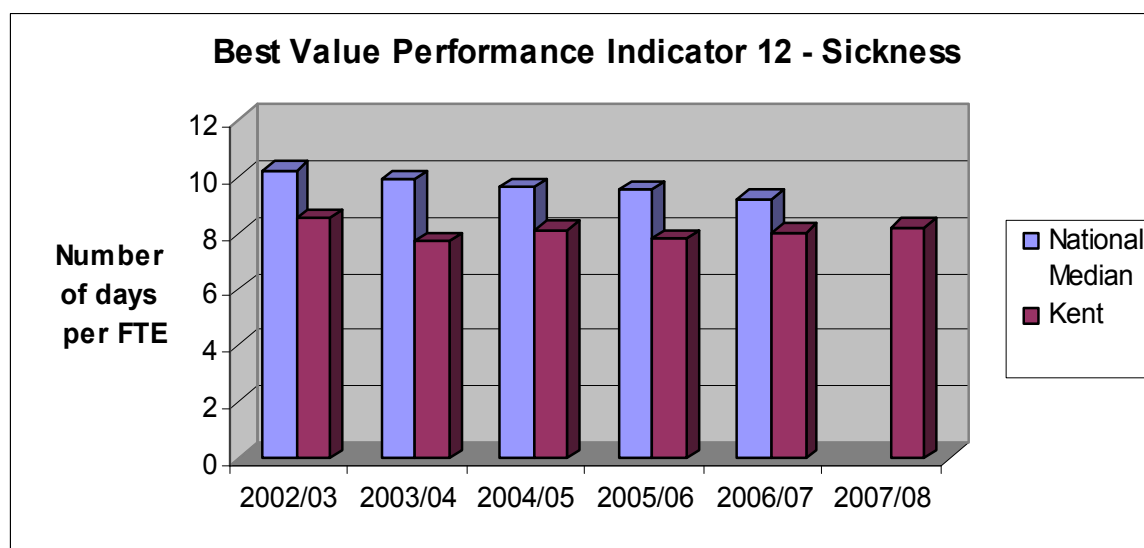
KCC's primary aim is to maximise employee attendance through positive management, both to enable the organisation to deliver and also to ensure the health and well-being of its employees.

Staff Care Services provide proactive and preventative occupational health services that include health promotion and assessments.

Support Line Services provide a confidential (self-referral) staff counselling service, coaching and workplace mediation.

Work & Wellbeing activity offers staff facilities and information that promote the general health & wellbeing of staff.

There is an initiative underway to address health, well-being and attendance issues across the organisation, which is aimed at those with high or unsustainable levels of sickness absence. There is anticipated to be an increase in the numbers of people exiting the organisation as a result of this, either through dismissal, ill health retirement or resignation.



## 2.15 Levels of grievance and disciplinary cases

Type of Case	Number of Cases					
	2002	2003	2004*	2005/6**	2006/07	2007/08***
Disciplinary	70	129	215	165	219	71
Capability	47	107	232	74	157	37
Grievance/Harassment	36	56	103	96	130	51
Ill-Health	184	314	568	137	300	135
Redundancy (at risk/ review)	57	54	162	115	208	38
Employment Tribunal	22	32	44	6	12	10
<b>Total</b>	<b>416</b>	<b>692</b>	<b>1,324</b>	<b>593</b>	<b>1,026</b>	<b>342</b>

\* Data quality issue (double counting)

\*\* 15 month period

\*\*\* figures exclude schools for 2007/08. Due to a new system this information is not available till early December 2008 and will be tabled at Governance & Audit Committee if available.

## 2.16 Levels of retention or recruitment

Recruitment	2005/06		2006/07		2007/08	
		%		%		%
Total number of applicants*	24,961		25,491		38,221	
Number appointed	1,275	5.1	957	3.75	1,875	4.91
Black & minority ethnic applicants (BME)	2,231		2,375		3,951	
Number appointed	51	2.3	62	2.61	100	2.53
Disabled (DDA) applicants	1,127		1,031		1,275	
Number appointed	31	2.8	53	5.14	69	5.41

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

## Leavers 2007/08

	2005/06		2006/07		2007/08	
	Leavers (excl. CRSS)*	Leavers (as % of total)	Leavers (excl. CRSS)*	Leavers (as % of total)	Leavers (excl. CRSS)*	Leavers (as % of total)
<i>*CRSS = Casual Relief, Sessional and Supply staff</i>						
Number of leavers - male	1,577	24.44%	1,358	22.80%	1,489	26.15%
Number of leavers - female	4,875	75.56%	4,597	77.20%	4,206	73.85%
Number of leavers - DDA	48	0.7%	52	0.87%	63	1.11%
Number of leavers - BME	63	1.0%	72	1.21%	75	1.78%
<b>Total number of leavers</b>	<b>6,452</b>		<b>5,955</b>		<b>5,695</b>	

Description	2004/05	2005/06	2006/07	Out-turn 2007/08
BV11a -Of the top 5% of earners, the % that are women (excluding staff in schools)	42.9%	43.9%	46.5%	50.3%
BV11b - Of the top 5% of earners, the % that are from black and minority ethnic communities (excluding staff in schools)	1.5%	1.9%	2.2%	2.5%
BV11c - Of the top 5% of earners, the % that are disabled (excluding staff in schools)	3.1%	2.4%	1.8%	2.6%
BV16 - % of staff declaring they are disabled under DDA 1995 definition (as a % of staff responding to a survey)	1.9%	2.0%	1.8%	1.8%
BV17 - % of staff who are from ethnic minority communities	2.2%	2.4%	2.5%	2.7%

Actions are in train to improve the levels of disabled and BME applicants for KCC jobs and Equalities Lead Officer Group has recently considered and agreed draft targets in these and other areas of representation in our workforce.

BVPIs ended on 31 March 2008 and have been replaced by a set of new national indicators. There are no longer statutory indicators covering the above staffing indicators but the information will still be collected for internal monitoring.

### 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. All the information contained within the performance indicators is already monitored within Directorates as a matter of good practice.

3.2 Where trends have indicated an area for review, as in the increase of complaints within Children, Families & Education and the decrease in complaints here is a justifiable explanation for this deviation in trend. Areas of best practice are also highlighted, e.g. the reduction of complaints within the Adult Education Service. **The overall conclusion from this 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.

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*Background Documents: None*

Revenue Budget Monitoring Analysis 2000-01 - 2007-08 (£'000)

