

By: Director Of Law & Governance
To: Governance & Audit Committee - 1 December 2009
Subject: Corporate Governance Performance Indicators

Classification: Unrestricted

Summary: To report Corporate Governance Performance Indicator trends

FOR INFORMATION

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.

2. KEY PERFORMANCE INDICATORS

2.1 A number of performance indicators were proposed by the 2005 review, which have subsequently been amended every year 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 annually.

Progress has been made since the last Annual Report in 2008. The current status for the 63 targets is as follows:

- Done and ongoing - 12 (19%)
- On course – 46 (73%)
- More progress needed – 4 (6%)

NB It has been agreed that progress against Target 44 (Establish a Global Centre in Kent that will lead the world in developing crops to provide energy, medicines and other products) will no longer be separately reported as the world has changed since the original *Towards 2010* concept for a Global Centre for non-food crops was first proposed and this target will not now be achieved.

The draft Annual Report was discussed at each of the Policy Overview & Scrutiny Committee meetings during mid-September to allow members to have a chance to comment prior to County Council. The report went Cabinet on 12 October 2009 prior to approval at County Council on 15 October 2009. A copy of the full report is available <http://democracy.kent.gov.uk/mgConvert2PDF.aspx?ID=7884>

As requested at the Governance and Audit Committee in December 2008 the 'More progress needed' targets are listed here

	Sept 2008	Sept 2009
Target 7: Fulfil Kent's potential as a premier tourist destination (Regeneration & Economy)	On course	More progress needed
Target 9: Through our Kent Supporting Independence Programme, work towards reducing the number of people dependent on welfare benefits (Communities)	On course	More progress needed *
Target 11: Help and inspire all our children to do well, with a particular focus on ensuring that the results our seven and 11 year-olds achieve at Key Stage 1 and Key Stage 2 improve faster than the national rate (CFE)	On course	More progress needed
Target 42: Reduce the impact of KCC's buildings and vehicles on the environment, including trialling the use of bio-fuels and other new technologies (Environment, Highways & Waste)	More progress needed	More progress needed *

* * FOOTNOTES:

Target 9 – This status must be seen against a backcloth of the current recession

Target 42 – The status is a result of increased use of ICT and extended opening hours in schools, another of our priorities

2.3 Budget control

Full quarterly monitoring reports are made to Cabinet in September, December and March and a draft final outturn report in June. Revenue and capital budget exception reports are made to Cabinet in July, October, January, February and April. The

budgets this year have been realigned from what was approved at County Council in February in order to reflect the new portfolio structure and to give a new starting point for the year.

The format of the Cabinet report is:

- a summary report highlights only the most significant issues
- 6 reports, each one an annex to this summary, one for each directorate and one for Financing Items. Each of these reports is in a standard format for consistency, and each one is a stand-alone report for the relevant directorate.

Policy Overview & Scrutiny Committees (POSCs) consider the draft Medium Term Financial Plan at their November and January meetings. This year, finance activity data reports are standard agenda items on POSCs. The directorate section of the Cabinet report is presented at the next available POSC meeting. Business plan outturn monitoring is reported to POSCs in June and half year monitoring in January.

Variances in forecast outturn are monitored (see **Appendix 1**).

2.4 Annual Audit & Inspection Letter (AAIL) action

The Annual Audit and Inspection Letter provides an overall summary of the Audit Commission's assessment of the authority. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the council for 2007/08, performance indicators covering the financial year 2007/08, the Direction of Travel which includes service improvements up to December 2008 and from any inspections undertaken since the last Annual Audit and Inspection Letter.

The report is very positive. The Council has continued to sustain its strong improvement record from an already high base. It is one of only 26 councils in the country to achieve both the highest, four star rating for overall performance under the comprehensive performance assessment framework (CPA), as well as highest direction of travel judgement, 'improving strongly'.

The 2007/08 letter was reported to the Governance and Audit Committee on 30 June 2009.

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

This is collectively referred to as "the system of internal control". Based on the work that internal audit has performed, and taking into account the individual strengths and weaknesses identified, substantial assurance can be provided on the adequacy of the overall governance and risk management processes and the internal controls at KCC.

Members receive regular reports on Internal Audit's performance against a range of indicators throughout the year and the additional key performance indicators outlined below were introduced in June 2008.

Effectiveness

% of recommendations accepted - target 90%
% of recommendations implemented - target 90%
CPA/CAA score - target Level 4 for Internal Control

Efficiency

% of plan delivered - target 95%
% of available time spent on direct audit work – target 80%
% of draft reports completed within 10 days of finishing field work - target 90%
Preparation of annual plan - target March each year
Periodic reports of progress - target G&AC meetings
Preparation of Annual Report and Annual Governance Statement - target by May each year

Quality of Service

Average Client Satisfaction Score - target 70%

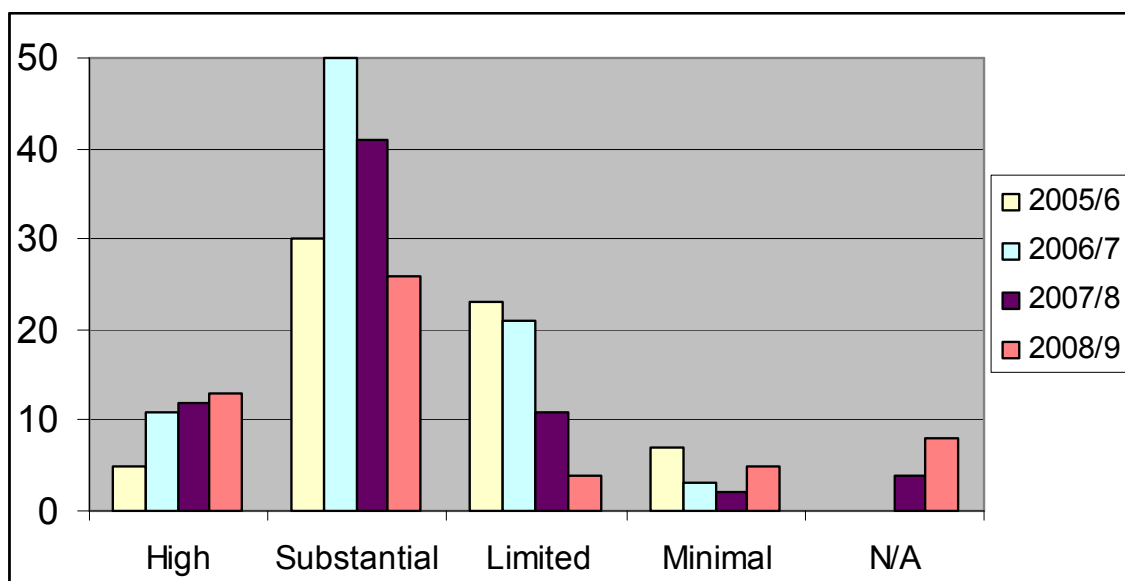
Team Structure

Qualified Staff - TBC
Staff Training for Professional qualifications - TBC

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



2.6 Levels of complaints to the Standards Committee

Responsibility for dealing with alleged breaches of the Code of Conduct by elected and co-opted Members of the Council passed from the Standards Board for England to the local authority on 8 May 2008.

At its meeting on 22 May 2008, the Standards Committee agreed to set up two Sub Committees; one to make an initial assessment of a complaint that a Member has breached the Code of Conduct and one to review any decision by the Assessment Sub Committee to take no action, if so requested by the complainant.

The Assessment and Review Sub Committees are charged with deciding whether, on the basis of the information presented, a Member has breached the Code of Conduct and whether the matter merits investigation. Specifically, either Sub Committee can reach one of the following three decisions:

- (a) Refer the allegation to the Monitoring Officer of the Authority for investigation or some other action such as mediation or training; or
- (b) In exceptional cases, refer the allegation to the Standards Board for England; or
- (c) Decide that no action should be taken in respect of the allegation

We have dealt with 6 complaints locally from 8 May 2008 – 31 March 2009. None have been referred upwards to the Standards Board.

Decision	2008/09
No action	3
Monitoring Officer	2
Standards Board	0
Not Determined	1

One complaint was not determined during 2008/09 (decision made technically in 2009/10).

2.7 Levels of complaints to the Ombudsman

Each year the Local Government Ombudsman produces an individual Annual Review for every Council. The purpose of the Annual Letter is to help Councils learn from the outcome of complaints to the Ombudsman, underpin effective working relationships between Councils and the Ombudsman's office, identify opportunities for the Ombudsman and his staff to provide assistance that a Council may wish to seek in bringing about improvements to its internal complaint handling, and generally provide complaint-based information which the Ombudsman hopes Councils will find useful in assessing and reviewing their performance.

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.

A main criticism of KCC in this year's Annual Review is the deterioration of the Council's response times to their enquiries from 29.4 days in 2007/08 to 38.1 in 2008/09. The Ombudsman expects a response to their initial approach within 28 calendar days and the Council was well outside of this target. Although some responsibility does lie with a few operational units who have been slow to provide the Council's designated link officer (Corporate Access to Information Coordinator) with the information requested by the Ombudsman, the link officer's own lack of resources, increased workload and prioritising responses to FOI requests (which have a statutory deadline to meet) over complaints were primary factors. However, a new member of staff was recruited at the beginning of this financial year and this has already had a positive effect.

Another criticism is KCC's reluctance to settle complaints locally until ordered to do so by the Ombudsman.

On a positive note, there were no reports of maladministration, so 90 of the 125 complaints that the Ombudsman issued a decision on, couldn't have been avoided as KCC had done nothing wrong but the complainant was simply unhappy with perhaps a decision or policy that went against them.

2.8 Levels of complaints by the public

This year following consultation we have revised our complaints process and leaflet. This revision is one part of the developing strategy to transform customer service by listening to what our customers want and expect. The aim is to reduce the bureaucracy involved.

This strategy includes reducing the number of formal stages and changing the culture within the Council by encouraging staff to deal with complaints speedily and sympathetically, apologising when things go wrong and taking action to resolve the source of complaints by learning lessons from what causes them. As from September 2008 complaints at both stage 1 & 2 will be monitored.

Complaints information is reported to all Policy Overview & Scrutiny Committees (POSC) and Corporate POSC Governance and Audit Committee receive an annual KCC wide complaints report.

	2006/07	2007/08	2008/09
Children Families	275	*267	266
Education		*218	231
Chief Executives	42	44	*143
Communities	634	457	*799
Environment & Regeneration	341*	660	429
Kent Adult Social Services	440	400	526
TOTAL	1,732	2,046	2,394

* New monitoring system introduced part way through year.

Explanation of variances:

A contributing factor to the increase in 2008/09 has been a better understanding amongst staff about what constitutes a complaint that should be recorded and the change in the complaints procedure with complaints now being recorded at the local resolution stage. It also reflects the fact that people are better informed about how to make a complaint following the revision of the Complaints, Comments and Compliments leaflet and its increased availability. We are expecting there to be an increase in the number of complaints monitored in 2009/10 in certain business units as we improve how we give information to the public on making a complaint and improve our recording.

Chief Executives Department

There has been an increase in recorded complaints due to changes in the way complaints are now logged.

Communities

There has been an increase in recorded complaints due to changes in the way complaints are now logged. A contributing factor to the increase in 2008/09 has been a better understanding amongst staff about what constitutes a complaint that should be recorded.

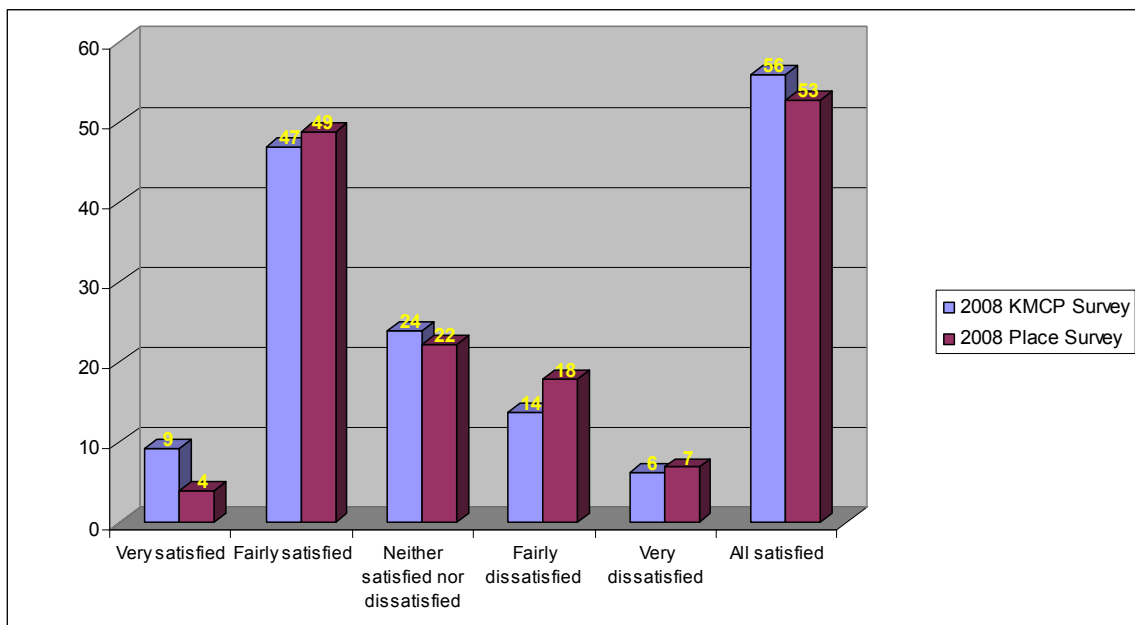
Kent Adult Social services

The "increase" from 400 to 526 in KASS is as a result of us aiming to gather all the issues on a complaint rather than just recording separate issues as one complaint. There has been an increase in the number of complaints relating to the residential care category. This has been apparent for the past two years and customer care will be monitoring this regularly to establish whether there are any patterns emerging.

2.9 Levels of public satisfaction

Two public satisfaction surveys were carried out by Ipsos MORI in 2008. Between February and March there was a Kent & Medway Citizens Panel (KMCP) survey and between October and December there was a quota sample survey representative of Kent residents and using the questions specified by the Department of Communities and Local Government for use in the Place Survey.

Comparing the two 2008 results, overall public satisfaction and net satisfaction with KCC have both reduced as indicated in the chart below.



The percentage of residents fairly satisfied with KCC increased by 2% from 47% to 49%, but the percentage very satisfied decreased – and the percentage overall satisfied reduced 3% from 56% to 53%. The percentage dissatisfied rose from 20% to 25% and the net percentage satisfied fell 8% from 36% to 28%.

The decrease in public satisfaction in 2008 is in line with a trend over a longer period both for KCC and for county councils. In a previous Ipsos MORI survey in 2006 also carried out with the same face to face methodology, resident satisfaction with KCC was 61% and dissatisfaction was 15%, hence net satisfaction was 46%. Nationally overall satisfaction with county councils averaged 62% in 2000, fell to 54% in 2003 fell again to 50% in 2006 and was down again to 45% in 2008.

The Place Survey is the new statutory survey replacing the BVPI survey. The prescribed methodology is to undertake the survey with a postal self completion questionnaire. Because of the inaccuracy of this method KCC's Place Survey was conducted with face to face interviewing in home. As a result KCC's Place Survey results and National Indicators measured in the Place Survey are not comparable with results from other authorities (published nationally in June and September 2009) but are comparable with previous face to face KCC surveys.

A full report on the Place survey is available at [http://democracy.kent.gov.uk/Published/C00000158/M00002239/AI00010017/\\$PlaceSurvey2008.docA.ps.pdf](http://democracy.kent.gov.uk/Published/C00000158/M00002239/AI00010017/$PlaceSurvey2008.docA.ps.pdf)

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 five years.

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

The Data Protection Act requires anyone who handles personal information to comply with a number of important principles. It also gives individuals rights over their personal information. The Freedom of Information Act and Environmental Information Regulations deals with access to official information and gives individuals or organisations the right to request information from any public authority. All public authorities and companies wholly owned by public authorities have obligations under the Freedom of Information Act and must respond within certain timescales.

There have been several instances of procedural breaches of the Freedom of Information Act (FOI) and Environmental Information Regulations (EIR). The Information Commissioner's Office (ICO) were concerned enough to carry out an audit between 28 February 2008 and 11 February 2009 of complaints received about the Council. Of the 15 complaints received in that period 11 were regarding delay in providing information.

Two extra staff had been recruited to overcome resourcing issues that had been identified during 2008 within the Environment & Regeneration Directorate and the Chief Executives Department and there had already been an improvement in response times. The ICO was satisfied that we had taken action to improve our performance and the Enforcement Case was closed.

Of the 31 complaints that the Information Commissioner has investigated and completed since 2004, 5 have been upheld in favour of the complainant but only 2 have required any remedial action on KCC's part. In one case (which also involved 34 other Councils who administer pension funds), the ICO ordered release of the information that was originally withheld (information provided to superannuation trustees by external investment managers). The ICO's decision can be viewed at http://www.ico.gov.uk/upload/documents/decisionnotices/2008/fs_50155397.pdf.

In the other case, the ICO did issue a formal warning of an enforcement notice but following KCC's reply, decided to take no action for the time being. Therefore, the total number of Information Commissioner non-compliance reports to date is 6 which is only 0.12% of the 4,654 requests for information handled since January 2004.

The Number of complaints against KCC received by the Information Commissioner over the last six calendar years to date.

YEAR	TYPE	Total no. of requests received	No. of referrals to ICO	% of requests referred	Status / Outcome of complaints to ICO
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 ICO 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 ICO state not in public interest to pursue 1 not upheld 1 s50 decision notice issued ordering release of information
2007	DPA	130	2	1.54%	1 not upheld 1 upheld but no enforcement action necessary
	FOI/EIR	702	7	1.00%	3 withdrawn 1 not progressed - insufficient evidence for ICO to pursue 1 not upheld 2 awaiting ICO decision
2008	DPA	160	1	0.63%	1 not upheld
	FOI/EIR	970	8	0.82%	1 withdrawn 1 abandoned - complainant did not want to pursue 1 not upheld 1 closed - ICO critical of KCC's lack of compliance with s10 (timeliness) & s16 (duty to advice & assist) and has referred to Enforcement Team 2 under investigation 2 awaiting allocation to ICO case officer
2009 to 13/10/09	DPA	151	3	1.99%	3 under investigation
	FOI/EIR	1159	6	0.52%	3 not upheld (includes 1 Enforcement Notice referred to above) 1 not progressed - out of time 2 awaiting allocation to case officer
		4654	39	0.84%	

Information updated since last annual report

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	2008/09
Sex		1	1
Disability		1	2*
Race			1
Age		1	2
Human Rights			
Health & Safety prosecutions			
Total	0	3	6

*Case withdrawn

None of the above cases was found 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.

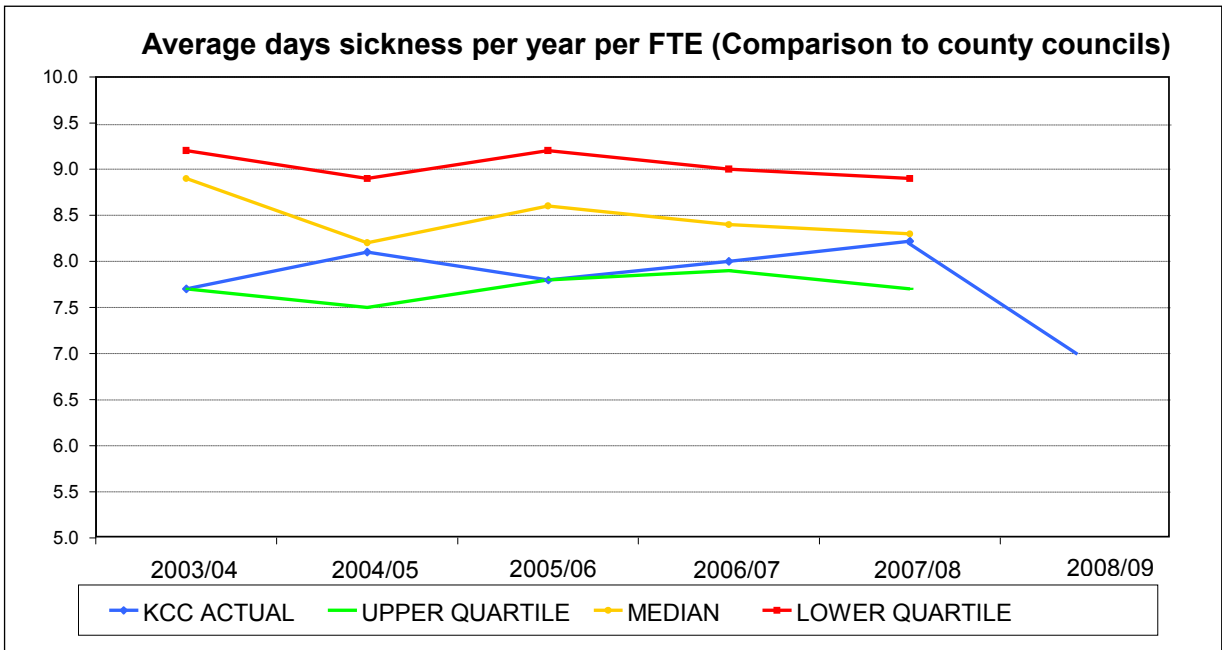
Staff Care Services provide proactive and preventative occupational health services that include health promotion and assessments.

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 has been 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.

Comparative BVPI data on sickness levels has not been collected on a national basis since 2007/8. However local monitoring shows that overall sickness levels in KCC including schools dropped to 7.02 days in 2008/9. This was due to a significant reduction in non schools sickness levels (number of calendar days lost reduced by 40,000) as a result of a drive led by Personnel to review and reduce long term sickness in conjunction with managers.



2.15 Levels of grievance and disciplinary cases

Type of Case	Number of Cases						
	2002	2003	2004*	2005/6**	2006/07	2007/08***	2008/09***
Disciplinary	70	129	215	165	219	71	72
Capability	47	107	232	74	157	37	52
Grievance/Harassment	36	56	103	96	130	51	54
Ill-Health	184	314	568	137	300	135	102
Redundancy (at risk/ review)	57	54	162	115	208	38	53
Employment Tribunal	22	32	44	6	12	10	10
Total	416	692	1,324	593	1,026	342	343

* Data quality issue (double counting)

** 15 month period

*** figures exclude schools. Due to a new system this information is not available.

2.16 Levels of retention or recruitment

Recruitment	2006/07		2007/08		2008/09	
		%		%		%
Total number of applicants*	25,491		38,221		45,881	
Number appointed	957	3.75	1,875	4.91	2,082	4.54
Black & minority ethnic applicants	2,375	9.32	3,951	10.34	5,903	12.86
Number appointed	62	2.61	100	2.53	82	1.39
Disabled (DDA) applicants	1,031	4.04	1,275	3.33	1,447	3.15
Number appointed	53	5.14	69	5.41	31	2.14

Despite an increase in the number of BME applicants the % of appointments has continued its downward trend. The number of DDA applicants has increased but there has been a drop in the number appointed in 2008/09.

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

Leavers 2008/09

	2006/07		2007/08		2008/09	
	Leavers	Leavers (as % of total)	Leavers	Leavers (as % of total)	Leavers	Leavers (as % of total)
Number of leavers - male	1,358	22.81%	1,575	23.25%	1,345	24.51%
Number of leavers - female	4,595	77.19%	5,199	76.75%	4,141	75.49%
Number of leavers - DDA	52	0.87%	63	0.93%	42	0.76%
Number of leavers - BME	72	1.21%	75	1.10%	88	0.16%
Total number of leavers	5,953		6,774		5,486	

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.

4 RECOMMENDATIONS

4.1 Members are asked to endorse the action taken in this report.

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Background Documents: None

