REPORT TO: FINANCE COMMITTEE - 9 SEPTEMBER 2002

REPORT ON: PERFORMANCE MANAGEMENT AND PLANNING AUDIT

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 664-2002

1.0   **PURPOSE OF REPORT**

1.1   To inform elected members of the performance of the Finance Department in relation to the Performance Management and Planning Report audited by the external auditors, Audit Scotland.

1.2   To advise the elected members of the improvements being carried out by the Finance Department as detailed in the Improvement Agenda.

2.0   **RECOMMENDATIONS**

2.1   The committee notes the performance of the Finance Department as outlined in the attached report by Audit Scotland.

2.2   The committee agrees the actions being taken as detailed in the Improvement Agenda to bring about continuous improvements to the department.

3.0   **FINANCIAL IMPLICATIONS**

3.1   There are no financial implications arising from the report.

4.0   **LOCAL AGENDA 21 IMPLICATIONS**

4.1   None

5.0   **EQUAL OPPORTUNITIES IMPLICATIONS**

5.1   The audit covered the issue of "Mainstreaming of Equalities" in detail and this should therefore assist the department comply with Equal Opportunities issues.

6.0   **BACKGROUND**

6.1   Performance Management and Planning Audits aimed at delivering continuous improvements resulted from the Best Value Task Force's second report in July 1998. In reviewing the performance of Councils, auditors require to be satisfied that local authorities have in place appropriate management arrangements to secure value for money from the resources available to them. The attached report comments on the Finance Department's progress in the first year of using the Performance Management and Planning Audit Framework.

6.2   A key outcome of the audit was to identify a number of significant issues which the department could progress as continuous improvements in the coming year. These are identified in detail in the Improvement Agenda. The committee should note that some of these improvements have already been actioned.

7.0 **CONCLUSION**

7.1 The Finance Department has made significant progress in delivering continuous improvements as required by the Best Value regime. Continuous improvement will continue to be monitored using the EFQM self assessment module.

8.0 **CONSULTATION**

8.1 The Chief Executive and the Director of Corporate Planning have been consulted in the preparation of this report.

DIRECTOR OF FINANCE **DATE** _____

BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

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JUNE 2002

2001/2002 Audit

Dundee City Council

Performance Management & Planning Finance Service

Executive summary

Introduction

1.1 The Best Value Task Force's second report issued in July 1998 required Councils to develop a performance management and planning (PMP) framework, which delivers continuous improvement.

1.2 As part of our 2001/02 audit we reviewed the Council's progress in developing a PMP framework. The audit has been carried out in accordance with guidance issued by Audit Scotland and has been applied within two Services selected for review. The Finance Service was one of the service areas selected for review in 2001/02.

1.3 Service management completed a self-assessment of progress to date against 10 pre-set criteria, developed an improvement agenda of actions to enhance their arrangements and completed a Best Value Achievement Report setting out tangible improvements which have been achieved over the last three years.

1.4 The audit task was to verify the self-assessment and Best Value Achievement Report through checking a sample of supporting evidence, review the improvement agenda to ensure that it is realistic and addresses areas of high priority and, where appropriate, agree any revisions. The 2002/03 audit will include a review of progress made in implementing the improvement agenda.

Overall conclusion

1.5 A key requirement of the PMP audit is that the process is evidence-based. We sample checked a range of evidence to verify the Service's submission and found that, in general, it was satisfactory in terms of quality and scope.

1.6 We are pleased to report that the broad picture, which emerged from the audit, is that the Service has made good progress in implementing a PMP framework. Many elements of a sound approach are already in place for most of the criteria.

Summary of main strengths and areas for improvement

1.7 There are a number of areas where the Service's approach is already well developed. In particular:

- the demonstration of leadership by the Management Team in their approach to Best Value

- promulgation of Best Value throughout the Service

- wide consultation with internal and external partners

- a quality assurance process is in place to ensure the effectiveness of Best Value Reviews

- all staff are aware of the Service Plan and its implications for them

- the effective management of devolved budgets is monitored on a regular basis with other Services

- the use of EFQM to feed into the PMP process

1.8   Areas where there is scope for improvement include:

- improving communication between the Council and stakeholders and a development of the consultation process

- demonstrating how the Service Plan shows how the Service is working with major partner organisations to provide services that meet stakeholder needs. This is being addressed as part of the corporate agenda

- the matching of resources to the commitments in the Service Plan. This is also being addressed as part of the corporate agenda

- training requires to be more closely linked to performance measurement and work output to deliver Service objectives

- the extension of formal staff appraisals to Finance Revenue staff

- developing an approach to learning from its own experiences or from other organisations

Best value achievement report

1.9   The Best Value Achievement Report at Appendix A sets out the Service's main achievements over the last three years. We are pleased to note that this report highlights a number of significant achievements and concentrates on quantifiable outputs and benefits to the user

Improvement agenda

1.10 Best Value requires Services to plan for continuous improvement. The PMP audit addresses this expectation by requesting Services to develop an improvement agenda of actions and projects to improve performance and the approach to Best Value. The audited improvement agenda is included at section 2 of this report and, in our view:

- is framed in SMART terms (specific, measurable, action based, realistic and timely)

- is related to areas for improvement identified in the self assessment templates

- appears capable of being achieved, with a systematic process employed to prioritise actions for inclusion

- is supported by a clear project management system which identifies resource requirements and timescales for implementation

Issues of corporate significance

1.11 Some of the issues identified during the audit relate to the Council's corporate approach and, therefore, cannot be addressed at only the Service level:

- While Service plans follow the corporate format, there needs to be further detail within the plans. This detail would identify the method by which objectives are to be achieved and the resources allocated. The Finance and Corporate Planning Departments are addressing this issue as part of the planning process for the next 3-year Council plan.

- Member involvement in Best Value is minimal. This is recognised as an issue for all Services and is being addressed as part of the corporate agenda

- Public performance reporting requires further development. This is being addressed by Corporate Planning with assistance from the Finance Department

1.12 These areas will be highlighted in a summary report to the Chief Executive outlining the findings from the 2001/02 PMP audit.

Improvement agenda

1. Brief description of the current situation that needs to be improved	2. Brief description of what the improved situation will be	3. Brief description of the improvement actions/ projects that will be used to close the gap between 1 and 2	4. Do you have arrangements to monitor progress and results (Yes/No)	5. What are the key milestones for this improvement	6. Which of the template headings does the improvement action relate to
1 Development of financial management information for non –financial managers	Provide users with Financial management information that is easily understandable and meets their needs	Development of Business Objects financial reporting	Yes. Regular meetings will take place to ensure outputs meet non-financial managers needs	Training of accountants in the use of the package. Briefing of non-financial managers on the output. By December 2002	Customer Focus (7)
2 Improve collection rates for Council Tax and Sales Ledger	Improved collection rates will assist the working capital and cash flow of the authority	1 Council Tax – Recovery Final Notice schedule will be brought up to date by December following the Implementation of First Software. Also, Enabling Legislation introduced 2 Sales Ledger – More stringent application of debt recovery strategy. Improved performance monitoring through enhanced reporting	Yes. Monthly monitoring reports.	April 2002, the collection rate for 2001/02 will be calculated. Targets will be set for subsequent 3 years in the Service Plan in June 2002 Re-designed regular Sales Ledger reports. Introduction of Direct Debits by September 2002.	Resource Use (7)

1. Brief description of the current situation that needs to be improved	2. Brief description of what the improved situation will be	3. Brief description of the improvement actions/projects that will be used to close the gap between 1 and 2	4. Do you have arrangements to monitor progress and results (Yes/No)	5. What are the key milestones for this improvement	6. Which of the template headings does the improvement action relate to
3 Evaluate the performance of Superannuation Fund	Improve the efficiency of the Fund and the returns received on investments and capital growth of fund	1 Centralisation of the custodian function within the scheme 2 Appoint Pension Fund custodian. 3 Review the Investment Structure Fund. 4 Review the fund management within any new management structure.	Yes. Results monitored quarterly by the Superannuation Sub-Committee	Appointment of Custodian June 2002 Recommendations of any changes in structure as a result of the analysis will be made to the Superannuation sub-committee by January 2003	Resource use **(7)**
4. Training to be more closely linked to performance measurement and work output.	Ensure that all areas of Finance are trained to undertake their work and thus enhance the work of the department.	1 Introduce performance measurement for work output 2 Independently review line management skills 3 Evaluate costs and benefits of training	Yes 1, and 3- Outputs monitored monthly 2 Outcome of review	System introduced September 2002	Internal Management Processes and Learning and Development **(5)**

1. Brief description of the current situation that needs to be improved	2. Brief description of what the improved situation will be	3. Brief description of the improvement actions/ projects that will be used to close the gap between 1 and 2	4. Do you have arrangements to monitor progress and results (Yes/No)	5. What are the key milestones for this improvement	6. Which of the template headings does the improvement action relate to
5 Reduction of paper work generated by inter-departmental transactions	Increased use of electronic transfer of inter-departmental billing	Working group set up to take action. Close involvement of Information Technology	Yes Monitored through the working group	Work completed by September 2002	Resource use **(7)**
6 Formal staff appraisal for Revenues staff	Introduce formal staff appraisals to all Revenue staff.	All Revenues staff to be interviewed under the Council's staff appraisal policy.	Appraisal processes will take place annually and the results evaluated.	Staff appraisals completed February 2003.	Internal Management Processes and Learning and Development **(5)**
7 Evaluate payroll cost performance indicators	Presently considered too high. More departmental payrolls will be centralised within the Finance function reducing costs and improving efficiency	Working groups will examine the departmental payroll functions to bring about increased contribution with the minimum disruption	Yes Progress should be evidenced by a reduction in the unit cost per payslip as the initiative moves forward	Identification of departments to have payroll provided by Finance Department. To be completed by March 2003	External relationships **(3)**

1. Brief description of the current situation that needs to be improved	2. Brief description of what the improved situation will be	3. Brief description of the improvement actions/projects that will be used to close the gap between 1 and 2	4. Do you have arrangements to monitor progress and results (Yes/No)	5. What are the key milestones for this improvement	6. Which of the template headings does the improvement action relate to
8 Improve communication between authority and public	Produce a leaflet to inform the public of the extent of the Services funded by Council Tax. Produce a Public Performance Report	Leaflet to be published next year with the assistance from the Public Relations department Report to be published as an alternative to the Annual Report	Informal feed back initially leading to customer surveys	Preparation of the financial aspects of the leaflet. Incorporation of advertising spaces to generate revenue to reduce net cost of publication by April 2002 Publication of report August 2002.	External relationships **(2)**

Introduction

3.1   Best Value has been progressing in Scottish Councils since late 1997, with the final report of the Best Value Task Force setting out the attributes of a Best Value Council (Exhibit 1).

Exhibit 1: Attributes of a Best Value council:

- Commitment to Best Value and acceptance of 4 key principles (accountability, ownership, continuous improvement, transparency)

- Political and senior management leadership

- Performance management and planning framework (PMP)

- Programme of service reviews

- Public Performance Reporting (PPRg)

- Commitment to equality issues

(Task Force Final Report, paragraph 1.6)

3.2   The purpose of Best Value is to ensure that Councils provide services that meet the needs of their customers and citizens and provide value for money. They must also demonstrate that they are accountable and delivering continuous improvement. Performance management and planning (PMP) is a means to help achieve these objectives by establishing clear standards and targets for all activities, identifying where and how improvements can be made, and reporting on performance.

3.3   Part of the auditor's statutory responsibilities is to be satisfied that a local authority has in place appropriate management arrangements to secure value for money from the resources available to it. With the introduction of the Best Value regime for Councils, the PMP audit has been used to review the progress that Councils are making in implementing the framework set out by the Best Value Task Force.

3.4   The PMP audit has been carried out in accordance with guidance issued by Audit Scotland and has been applied within two Services selected for review. The Finance Service was one of the service areas selected for review in 2001/02.

Scope and objectives

3.5   The PMP audit aims to:

- provide a structured approach to self-assessment to help the Service identify areas for improvement and prioritise improvement actions and projects

- provide independent, external assurance that the Service is making progress on implementing a PMP framework

- help identify good practice for dissemination

- ensure that the Service is planning for continuous improvement

3.6   The PMP audit examined the Service's approach to implementing the elements set out in Exhibit 1. These elements were translated into 10 broad criteria (Exhibit 2) set out in an audit guide produced by Audit Scotland. The criteria were developed in consultation with Councils and were agreed to represent key areas of activity that would be required for a Service to implement Best Value.

Exhibit 2

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1. Clear leadership for a Best Value approach is provided by elected members, the Service Head and the senior management team

2. We understand and respond to the needs, expectations and priorities of our stakeholders

3. We carry out effective Best Value reviews

4. We have detailed and realistic plans for achieving our goals

5. We make best use of our people

6. We make best use of our assets

7. We have sound financial control and reporting

8. We actively support continuous improvement

9. We monitor and control our overall performance

10. We have an effective approach to public performance reporting

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3.7   Each of the criteria was then broken down into a set of more detailed elements for audit. These elements are set out in the self-assessment templates (supplied in a separate volume).

3.8   The self-assessment process involved a judgement being made about the Service's approach to these specific elements of its management arrangements and the extent to which the approach was actually deployed throughout the Service. In order to be rated highly in the exercise, a Service has to demonstrate that:

- there is a systematic approach to each element

- steps have been taken to ensure that the approach is deployed properly

- the approach has been reviewed and, where appropriate, improved

- the approach is deployed throughout the Service

Audit approach

3.9 The Service was required to:

- undertake a self-assessment of their progress to date against the 10 criteria outlined in Exhibit 2 (appendix 2 – separate volume)

- develop an improvement agenda of actions or projects to enhance PMP arrangements and performance (section 2). The improvement agenda should address key weaknesses identified through the PMP audit and should be completed after a systematic review of respective priorities

- complete a Best Value Achievement Report setting out tangible improvements which have been achieved over the last three years (appendix 1)

3.10 Our role was to:

- verify the self-assessment templates against a sample of supporting evidence and, where appropriate, suggest and agree revisions

- review the improvement agenda to ensure that it is realistic and addresses areas of high priority. The 2002/03 audit will include a review of progress made in implementing the improvement agenda

- verify the Service's achievements recorded in the Best Value Achievement Report through checking a sample of supporting evidence

Acknowledgements

3.11 The co-operation and assistance given by all officers contacted during the course of this review is gratefully acknowledged. There was a clear commitment given by officers at all levels within the Service to the completion of the PMP submission and it was evident from the meetings held during the audit, and from the standard of documents provided, that a significant level of resources had been deployed on the exercise.

Criterion 1 – clear leadership

Broad expectations

4.1   Elected members should provide consistent support and leadership to promote a Best Value approach. The Head of Service and senior managers should translate Best Value into a clear set of expectations for the Service. Those expectations should reflect the following Best Value core principles:

- *providing services designed to meet customer needs*
- *continuous improvement*
- *getting the best cost/quality balance*
- *equality*
- *public accountability and responsiveness*

4.2   In order to be effective, these expectations should:

- *be expressed in terms that provide a clear direction for staff*
- *be communicated widely*
- *involve staff in their development to ensure ownership*
- *inform all aspects of the Service's strategies and operational plans*

Summary of findings

4.3   In our view, a sound approach is already in place in accordance with Best Value expectations.

4.4   Key areas where the Service's approach is already well developed include:

- the introduction of regular meetings with staff within Financial Services, who are subject to a Best Value Review, to monitor progress
- team briefing sessions, demonstrating good communication relating to Best Value and continuous improvement within the Service
- the management team demonstrating leadership in their approach to Best Value

Criterion 2 – priorities of stakeholders

Broad expectations

4.5   *Key features of a Best Value Service include:*

- *responsiveness to the needs of communities, citizens, customers and other stakeholders (with plans and priorities demonstrably based on an understanding of these needs)*

- *involving key stakeholders in the identification of policy and service priorities*

- *reviewing the approach to consultation to see how it can be improved*

- *identifying the objectives to be achieved by consultation and the use of cost-effective methods of consultation*

- *demonstrating how the results of consultation have impacted on planning, designing and improving services*

- *a proactive approach to the changing needs of customers and communities*

Summary of findings

4.6   In our view, although there is still scope for improvement, the Service has many elements of a sound approach in place to meet the expectations of criterion 2

4.7   A key area, where the Service's approach is already well developed, is that there is a wide consultation process with the stakeholders. There is also evidence of good external working, for example, with the three Joint Boards.

4.8 Areas where there is scope for improvement include:

- a need for improved communication between the Council and stakeholders. The Service recognises this as being an issue and is starting to identify areas where this can be improved *(Improvement Action 8)*

- an increased member involvement within the Best Value process. This has been recognised as a corporate issue

- the development of the consultation process to ensure that:

  - there is a systematic approach for co-ordinating consultation exercises and sharing information

  - value for money is considered

  - Equalities are built into the consultation system

  - Clear recommendations for action are identified and implemented

Criterion 3 – best value reviews

Broad expectations

4.9   *Best Value reviews should include:*

- *a rigorous assessment of what the activity is aiming to achieve, whether it is still required and whether it will continue to meet future needs*

- *a systematic approach for evaluating options for providing a service to ensure that customers receive the highest quality of service possible within the resources available*

- *review of all Service activities and application of 'the 4 Cs' (challenge, consult, compare and compete) in a systematic manner. The focus, scope and priority of the reviews in the programme should have regard to the strategic issues facing the Service, known performance issues and an initial assessment of the potential benefits that might be expected from a review*

- *matching of the investment in a review to potential benefits*

- *review teams, which are properly trained and ensure that an element of independent challenge is incorporated during the review and at the end of the process. Senior management should monitor progress on the overall programme and on the impact of individual review*

- *quality assurance/control processes to ensure that reviews are rigorous, genuinely explore options, address the 4 Cs and result in tangible improvements*

Summary of findings

4.10 In our view, a sound approach is already in place in accordance with Best Value expectations.

4.11   Key areas where the Service's approach is already well developed include:

- a systematic approach to management of reviews, which allows progress to be monitored at regular intervals

- a quality assurance process is in place to ensure the effectiveness of Best Value Reviews

4.12 The involvement of elected members in Best Value is acknowledged as a corporate issue that is not restricted to the Service. Currently, Members are not involved in the Service review process, other than reviewing the final report.

Criterion 4 – realistic plans

Broad expectations

4.13   *The key attributes of an effective planning process include:*

- *clear and concise plans setting out what the Service intends to do, its overall priorities, performance standards and targets to be met, and the resources involved*

- *matching of the resources available to the right activities. Service plans should be properly costed and should be realistic and achievable, given the available resources*

- *multi-year planning and budgeting to match resources to longer-term strategic objectives. The plan should also bring together national and local priorities and set out a realistic resourced set of activities with clear objectives*

- *consultation with stakeholders to ensure that the plan responds to the needs and priorities of its communities*

- *commitments which are translated into specific tasks for teams and individuals to undertake. Management should be aware that staff understand the plan and associated tasks*

- *periodic review of achievements against the plan by managers and elected members*

- *regular review and revision of the plan to reflect changes in priorities, objectives or resources. Changes should be recorded and communicated to stakeholders*

Summary of findings

4.14 In our view, although there is still scope for improvement, the Service has many elements of a sound approach in place to meet the expectations of criterion 4.

4.15 Key areas where the Service's approach is already well developed include:

- progress of the service plan is reviewed by senior managers and any amendments to the plan are made aware to staff

- all staff are aware of the service plan and its implications for them

4.16 Areas where there is scope for improvement in the Service Plan include:

- a lack of detail and consistency across sections of the plan

- more detail is required in relation to demand changes and resultant implications

- the plan does not show how the Service is working with major partner organisations to provide services that meet stakeholder needs

- the matching of resources to the commitments in the plan

This has been highlighted as a corporate issue and is identified within the report in the Issues of Corporate Significance.

Criterion 5 – use of people

Broad expectations

4.17 *A Best Value Service ensures that all staff are managed effectively and efficiently. Management should ensure that:*

- *service priorities and objectives are communicated to staff*

- *objectives are translated into tasks for teams and individuals to undertake*

- *staff know what is expected of them, their performance is regularly assessed and they are assisted in improving their performance*

- *morale and motivation of staff is monitored and action is taken to address problems*

4.18 *Services should ensure that staffing requirements are explicitly related to strategic and operational objectives in terms of numbers, skills, knowledge, deployment and structure.*

Summary of findings

4.19 In our view, although there is still scope for improvement, the Service has many elements of a sound approach in place to meet the expectations of this criterion.

4.20 Key areas where the Service's approach is already well developed include:

- action plans have been developed for most sections

- with the exception of Revenues staff, formal staff appraisals are undertaken

4.21 Areas where there is scope for improvement include:

- training requires to be targeted more effectively to performance measurement and to work outputs to deliver the Service's objectives *(Improvement action 4)*

- a need for more effective monitoring of costs and benefits of training to meet the objectives of both the Service and the individual *(Improvement Action 4)*

- the extension of formal staff appraisals to Revenues staff *(Improvement Action 6)*

- a systematic approach is not in place in all areas to ensure that staff resources fully match Service commitments

- equality issues are not fully taken into account and this is being addressed corporately.

Criterion 6 – use of assets

Broad expectations

4.22 *A Best Value Service should match its asset base (infrastructure, land, property, vehicles, plant, equipment, materials, information and communications technology) to its objectives. Increasingly, the knowledge and intellectual capital within a Service are also being seen as key assets that should be managed to improve the service provided.*

4.23 *The Service should:*

- *establish the most cost-effective method for securing the quality of assets it needs*
- *confirm that assets are managed efficiently and effectively*
- *dispose of, or release for additional use, redundant or under-used assets*
- *ensure the full cost of the asset base is reflected in the cost of activities*
- *ensure that senior management takes a close interest in asset management issues*

Summary of findings

4.24 In our view, a sound approach is already in place in line with Best Value expectations. The Service has a small asset base that is mainly equipment and ICT related.

4.25 There is scope for improvement in the use of electronic systems to reduce the paper flow and the Service is currently looking at systems to use electronic transfer for inter-departmental billing *(Improvement Action 5)*

4.26 An area identified by the Service for improvement is the evaluation of payroll cost performance indicators with a view to centralising where appropriate the payroll function *(Improvement Action 6)*

Criterion 7 – financial control

Broad expectations

4.27 *The key attributes of effective financial control and reporting include:*

- *regular review of the financial health of the Service by elected members and senior managers through scrutiny of monitoring reports detailing the budgetary position. These reports should also show that previously agreed actions have been taken and are having the desired impact in terms of controlling the overall budget*

- *identification of budget holders who have clear responsibilities. Budget holders should receive adequate and timely information to enable them to manage their budgets and performance*

- *effective action to deal with under- and over-spends*

- *the provision of training and support to ensure that budget holders have the necessary skills for managing budgets*

- *monitoring reports prepared on a full accruals basis*

Summary of findings

4.28 In our view, a sound approach is already in place in line with Best Value expectations.

4.29 Key areas where the Service's approach is already well developed include:

- regular reporting on financial issues to committee

- monitoring on a regular basis with other Services to ensure effective management of devolved budgets

4.30 Areas identified by the Service where there is scope for improvement include:

- the development of financial information for non-financial managers *(Improvement Action 1)*

- the improvement of collection rates for Council Tax and Sales Ledger *(Improvement Action 2)*

Criterion 8 – continuous improvement

Broad expectations

4.31 *Senior management should provide clear support for continuous improvement within the Service and should ensure that:*

- *staff are encouraged to share knowledge and learn from others. Good practice should be identified and shared on a systematic basis*

- *appropriate performance measures are developed*

- *there is regular review of the key processes which determine whether customer centred cost-effective services are provided*

- *a broad and structured approach to learning from other organisations is adopted. This process should include organisations the Service can learn from, not just those that are similar to it*

- *staff have the skills, knowledge and time to review their performance and take part in improvement activities*

- *there is a systematic approach for involving key stakeholders, including suppliers and partner organisations, in the search for continuous improvement*

Summary of findings

4.32 In our view, although there is still scope for improvement, the Service has many elements of a sound approach in place to meet the expectations of criterion 8.

4.33 Key areas where the Service's approach is already well developed include:

- briefings to staff using PMP workshops and the Balanced Scorecard

- the use of EFQM to feed into the PMP process

4.34 An area identified by the Service where there is scope for improvement is to evaluate the performance of Superannuation Fund to improve the efficiency of the Fund and the returns received on investments and capital growth of the Fund. (Improvement Action 3).

4.35 In addition, while supporting Continuous Improvement, the Service does not have a fully developed approach to learning from either its own experiences or from other organisations.

Criterion 9 – performance monitoring

Broad expectations

4.36 *In order to monitor and control performance, an effective Best Value Service requires a rigorous performance monitoring system. This system should involve:*

- *the identification of a broad range of measures which cover all key aspects of performance*

- *reporting information clearly and in a timely manner*

- *the use of trend information to help assess how the Service's performance is changing*

- *the use of comparative information to help identify scope for improvement*

4.37 *Senior managers should review this information regularly and use it to control performance.*

Summary of findings

4.38 In our view, a sound approach is already in place, which includes a corporate template for reporting performance information. This identifies performance information for the Service and timescales involved for reporting. This information is used by the management team and disseminated at team meetings.

4.39 As previously stated, the Service has identified an area where there is scope for improvement:

- the evaluation of payroll cost performance indicators. *(Improvement Action 7)*

Criterion 10 – public performance reporting

Broad expectations

4.40 *A Best Value Service uses public performance reporting to ensure that its communities, citizens, customers and other stakeholders are aware of its plans, its priorities and the services that are available.*

4.41 *The Service should identify the information needed by stakeholders in order to form a view on the achievements of the Service. The content of public performance reporting should be easy to understand, concise and include information on:*

- *the services provided, what people can expect of them, and how to access them*

- *what the Service has learned from consultation about what matters to its stakeholders, and what it is doing to respond to these concerns*

- *how the Service is working with other bodies to best meet the needs of its communities*

- *how the Service is spending money wisely and achieving value for money on behalf of its communities*

- *trends, comparative information and performance against targets or benchmarks to help stakeholders assess how well the Service is performing*

Summary of findings

4.42 In our view, although there is still scope for improvement, the Service has many elements of a sound approach in place to meet the expectations of criterion 10.

4.43 The Service is required to annually publish information on their financial position. Improvement could be made to the information reported to extend the comparative information produced as well as reporting on targets, consultation exercises and Best Value reviews*. (Improvement Action 8)*

Best value achievement report

4.44 The Best Value Achievement Report at Appendix A sets out the Service's main achievements over the last three years. We are pleased to note that this report:

- covers a range of topics including stakeholder impact, resource use, internal management processes and future developments and planned improvements;

- highlights that the Service's achievements have been reported to both the public and Council staff and that the role of staff in supporting continuous improvement has been recognised.

4.45 However, the audit revealed scope for improvement as service improvements and achievements are expressed in general terms and have not all been fully quantified.

Improvement agenda

4.47 Best Value requires Services to plan for continuous improvement. The PMP audit addresses this expectation by requesting Services to develop an improvement agenda of actions and projects to improve performance and the approach to Best Value. The audited improvement agenda is included at section 2 of this report.

4.48 In our view, the improvement agenda:

- is framed in SMART terms (specific, measurable, action based, realistic and timely)

- is related to areas for improvement identified in the self assessment templates

- appears capable of being achieved, with a systematic process employed to prioritise actions for inclusion

- is supported by a clear project management system which identifies resource requirements and timescales for implementation

Conclusions

5.1   A key requirement of the PMP audit is that the process is evidence-based. We sample checked a range of evidence to verify the Service's submission and found that, in general, it was satisfactory in terms of quality and scope.

5.2   The Best Value process has now been underway in Scottish Councils for 4 years. We are pleased to report that the broad picture, which emerged from the audit, is that the Service has made good progress in implementing a PMP framework. Many elements of a sound approach are already in place for most of the criteria.

Summary of main strengths and areas for improvement

5.3   There are a number of areas where the Service's approach is already well developed. In particular:

- the demonstration of leadership by the Management Team in their approach to Best Value

- promulgation of Best Value throughout the Service

- wide consultation with internal and external partners

- a quality assurance process is in place to ensure the effectiveness of Best Value Reviews

- all staff are aware of the Service Plan and its implications for them

- the effective management of devolved budgets is monitored on a regular basis with other Services

- the use of EFQM to feed into the PMP process

5.4   Areas where there is scope for improvement include:

- improving communication between the Council and stakeholders and a development of the consultation process

- demonstrating how the Service Plan shows how the Service is working with major partner organisations to provide services that meet stakeholder needs. This is being addressed as part of the corporate agenda

- the matching of resources to the commitments in the Service Plan. This is also being addressed as part of the corporate agenda

- training requires to be co-ordinated to performance measurement andwork output to deliver Service objectives

- the extension of formal staff appraisals to Revenues staff

- developing an approach to learning from its own experiences or from other organisations

Issues of corporate significance

5.5   Some of the issues identified during the audit relate to the Council's corporate approach and, therefore, cannot be addressed at only the Service level:

- While Service plans follow the corporate format, there needs to be further detail within the plans. This detail would identify the method by which objectives are to be achieved and the resources allocated. The Finance and Corporate Planning Departments are addressing this issue as part of the planning process for the next 3-year Council plan.

- Member involvement in Best Value is minimal. This is recognised as an issue for all Services and is being addressed as part of the corporate agenda

- Public performance reporting requires further development. This is being addressed by Corporate Planning with assistance from the Finance Department

5.6   These areas will be highlighted in a summary report to the Chief Executive outlining the findings from the 2001/02 PMP audit.

Appendix A: Best Value Achievement Report

Council	**Dundee City Council**	Service	**Finance Department**

Period covered   **1 January 1999 to 31 December 2001**

Heading	**Achievement**	**Measurement and Evidence**
1 Policy Impact	Payroll Function Centralisation	Best Value Reviews
	Maintaining CT Level	Council Plan/Minutes
	Unqualified Audit Certificates	Annual Reports
	Audit Sub-Committee Set Up	Sample Minute
2 Customer Focus	Workflow Implementation	Document Statistics
	Maintaining CT Level	CT Levels
	Improved Sales Ledger Reports	Copy Reports
	Low Insurance Claim Record	Statistical Data
	Pension Statements	Sample Copy
3 External Relationships	Suppliers Paid by BACS	System Statistics
	Prompt Payment of Creditors	System Reports
	Revenues Crystal Mark Reports	Copy Reports
	Landlords Forum	Copy Minute
	Service Level Agreements	Copy Agreement
	COSLA Insurance Award	Copy Report
	Partnering	Company Minutes
	Benefit Fraud Inspectorate	Meeting Minutes
	Increase in Pension Bodies	Statistical Data
	Benefits Agency	Meeting Minutes
4 Resource Use	Reduced Annual Report Costs	Production Cost
	Regular Bank Reconciliations	Copy Reconciliation
	Poll Tax Collection Levels	Statistical Data
	Random Access Terminal System	System Notes
	Direct to Indirect Property Invest	Financial Data
	Improved NDR Collection Rates	Service Plans

5	Internal Mgt Processes	Absence Statistics Improved	Sample Statements
		Trading Accounts Circularised	Sample Statements
		6 Monthly Best Value Reviews	Meeting Minutes
		Team Meetings Established	Copy Minutes
6	Learning and Development	First Software Implementation	System Manual
		Departmental Intranet	System Access
		Training Plans	Sample Plan
		System Manuals	Copy Manual
		Qualified Staff	Qualification Statistics
		Staff Appraisal	Copy Form
		A Job Worth Doing	Copy Report