Using Your Indicators

A Councillor’s Guide to the Local Authority Performance Indicators

AUDIT COMMISSION
The Audit Commission

... promotes proper stewardship
of public finances and helps those
responsible for public services
to achieve economy, efficiency
and effectiveness.
1. Over the last few years, many councils have developed sophisticated and effective systems for monitoring the performance of council services. This has helped them to improve the quality and effectiveness of these services. However, internal monitoring systems depend on locally developed indicators and do not generally allow councillors to make comparisons with other similar authorities.

2. From this year onwards, councillors have a new set of performance indicators which can be used to compare the services one council provides with those of other councils. This pamphlet tells you about the performance indicators and suggests how you can use them. As well as informing the public, the indicators can help you make judgements about how well your council is performing and whether the council’s policy priorities are reflected in these performance levels. Most importantly, they can help you raise further questions about how the performance and quality of the services your council provides can be improved.

What are the performance indicators?

3. By law, the Audit Commission must each year draw up a list of indicators for measuring the performance of councils. Councils must then publish details of how they perform in terms of these indicators. Once councils have done this, we collect the information together at a national level, analyse it and then publish this comparative data together with a commentary. We did this for the first time in March 1995, publishing comparisons for the year 1993/94. In spring 1996 we will publish comparisons for the year 1994/95 and will also highlight how councils’ performance has changed from the previous year.
4. One aim of this initiative is to inform members of the public about the performance of their council services. To make sure this information is of interest to the public, we conducted several national surveys to find out what kind of information people thought should be published. We based our initial set of indicators on these surveys. Another aim is to provide information which will help you and your council officers identify where the council is performing well and where you think its performance is not good enough.

5. We have drawn up performance indicators for each main council service, consulting widely each summer on proposed changes to the indicators. The indicators cover different aspects of performance:

- the level of service provided – eg, the proportion of 3- and 4-year olds with a school place;
- efficiency – eg, the average time taken to re-let a council home;
- effectiveness – eg, the proportion of council tax that has been collected;
- cost – eg, the amount spent per head of population on the libraries service;
- quality – eg, the comprehensiveness of the rubbish collection service measured against a checklist; and
- performance against the council’s own targets – eg, performance against locally set targets for answering letters and telephone calls.

The indicators do not cover every aspect of every service. But we encourage councils to supplement the statutory performance indicators with indicators of their own which highlight aspects of performance which are of particular importance locally.
What comparisons?

6. There are broadly two types of comparisons for which the performance indicators can be used:

- comparisons between councils; and
- comparisons of the same council over time.

Why make comparisons?

7. For most council services, there are no universally accepted national standards of service. And even where there are national standards (for example, concerning the time taken to pay housing benefits) these often cover only one aspect of a service. You may want to consider not only the frequency with which these national standards are achieved, but also the cost and quality of the service provided. Comparing similar councils provides an indication of where performance is good and where it could be improved. And comparisons over time will highlight whether performance is improving and help you see whether your council is achieving its priorities.
Taking local circumstances into account

8. You should take local circumstances into account when comparing councils, because it can be more difficult or more expensive to provide a given level of service in one part of the country than in another. Taking local circumstances into account is also important because comparisons based only on the performance indicators do not show that in some cases councils have made valid policy decisions to provide different levels of service from other councils, according to their assessment of local needs.

9. Officers' reports to councillors should highlight the impact of local circumstances on performance. But you will need to evaluate how far you think those local circumstances justify differences in performance. It is here that comparisons with similar councils can be particularly helpful. If a broadly similar council can provide a higher level of service at the same or a lower cost, it is worth considering why this is the case and whether any lessons can be learned from the way the other council manages that service. Providing that you use comparisons to trigger further investigation of the causes of differences, rather than to make definitive judgements based on the performance indicators alone, then they can be a useful way of directing your limited time to the areas where attention is needed most.

Who should you compare yourselves with?

10. There is a range of possible comparisons using the performance indicators which you can ask officers to produce. You are likely to want to compare your council’s figures for a range of performance indicators against the average figures for all councils of a given type in England and Wales, to give a broad impression of how your council measures up.
11. You may also find it helpful to compare your council with a collection of similar councils. We have grouped councils into groups called ‘nearest neighbour groups’, based on councils with similar demographic characteristics within a particular geographical region. Details of these can be obtained from your external auditor and from the Audit Commission. You can also ask officers to produce comparisons based on groups of your own choosing. This enables you to look not only at councils with similar demographic characteristics but also, for example, at councils with similar politics and policies. We have issued the performance indicators on computer disk to help officers do this. Ideally, such groups should be the same for all council services. But you should be clear about why a particular group has been chosen and the criteria for the selection of other councils in this group should be clearly set out and explained.

Reporting to committees and the full council

12. You need to decide which committee or combination of committees is appropriate for considering performance information. A central performance monitoring committee can help some councillors to become specialists in performance monitoring and to form a view of the council’s performance overall. It can also make judgements about how well reported levels of performance reflect the council’s overall spending and policy priorities. But such committees may not allow sufficient time to discuss the detail of how the performance of specific services can be improved. We recommend that both performance review committees and service committees should receive reports based on the performance indicators.

13. You can also ask your chief executive to make an annual presentation to the full council, using the performance indicators to contribute to a review of the council’s performance overall. The overview should outline performance in
implementing the council’s main policies, highlighting successes and what is being done to address any aspects of performance which do not meet statutory targets or the council’s own targets.

**What kind of report and when?**

14. Although each council will have developed its own style of reports, effective performance reports will include the following features:

- A presentation of the indicators, distinguishing those which are prescribed by the Audit Commission from those which are the council’s own indicators. Reports should also highlight which, if any, of the council’s own indicators are intended for publication.
- Names of the officers responsible for the achievement of the reported performance levels.
- Year-on-year comparisons or comparisons between different periods within a year.
- Comparisons with a group of similar councils for the Audit Commission indicators and for the council’s own indicators (where these are collected on a like-for-like basis by other councils).
- Officers’ analysis of the reasons for differences in performance between your authority and similar authorities.
- Targets for performance indicators committing the council to achieving a specified future level of performance.

15. These and other aspects of how performance information is reported should be agreed by councillors as a matter of council policy. But performance indicators can be used to involve councillors in planning services in more detail. Cambridge City Council and Cornwall County Council have done this (see good practice examples).
16. The performance indicators should be reported to you at least once a year – more frequently if you find this helpful. The information should be as fresh as possible; delays of more than a month between the end of the monitoring period and the beginning of the committee cycle in which the information is reported should not normally occur.

What to look for in the performance indicators

17. Performance indicators can provide interesting and useful information in themselves, but they are most useful as a device to enable you to probe more deeply into issues of efficiency and effectiveness of council services. We have provided a set of questions you may want to raise in the Appendix.

GOOD PRACTICE EXAMPLE

Cambridge City Council
Cambridge City Council has integrated the Audit Commission performance indicators into its Quality Management Process. As part of this process, the indicators are incorporated into service plans for the coming year which are reported to committees as part of the budget setting process. These plans explain each service and its objectives, past performance, what standards can be expected at different resource levels, and proposed performance targets for the coming year. Year-on-year comparisons and comparisons with other councils are also included. These service plans are presented to councillors at seminars in advance of committee meetings to help explain the information in more detail than is possible at a formal committee. Councillors are also briefed on the performance indicators at the time of national publication. The council also has ‘Charter Guarantees’ for 16 services which include performance indicators and guaranteed levels of achievement.
18. In a few cases, apparent differences in performance between similar councils may have arisen because the councils have calculated their performance figures differently. But this should not generally occur for the Audit Commission indicators as these are accompanied by detailed definitions to ensure that all councils work out their figures in the same way. Where differences in the way figures have been calculated are given as a reason for apparent differences in performance, you should ask for an explanation of what these differences were, why they occurred, and what action is being taken to avoid this in the future.

GOOD PRACTICE EXAMPLE

Cornwall County Council

Performance monitoring reports are submitted to service committees on a quarterly basis, with some extra background data reported annually. The range of information and performance indicators, including the Audit Commission's indicators, is agreed by a joint officer/councillor working group which decides the format and content of the reports. This group ensures that the information presented is relevant, can be collected without undue cost, and relates to the relevant service objectives.

Information is presented graphically, with comparisons between different quarters highlighted, as well as year-on-year comparisons. Some services (for example, trading standards) carry out annual consumer satisfaction surveys, the results of which are reported with other performance information, again with comparisons made with previous performance.

Because the system has been gradually developed and refined over a number of years with the involvement of councillors, the council is now able to present complex and detailed monitoring reports to committees which councillors can understand and use. As a result, the use of this detailed performance information has become a core part of the budget setting and service planning process.
19. Comparisons across time are useful when considering the longer term trends in the performance of council services. They can also help to identify reasons for poor performance. For example, where performance in the processing of housing benefits has dropped because of a computer failure, this should affect performance in only one monitoring period. Poor performance or deteriorating performance over a number of monitoring periods may indicate a more fundamental problem which cannot be so easily explained. Although temporary ‘blips’ in performance need to be explained, longer term failures need more careful consideration and a proper strategy to put them right.

What is ‘good performance’?

20. When interpreting the performance indicators, you need to decide what constitutes good performance. In some cases this may be obvious. But in others – for example, indicators on spending on council services – views will differ on what constitutes good and bad performance.
21. If the council has prioritised a service and agreed that it should be relatively well resourced compared to other services, then this should be reflected in a high level of performance. But it may not be obvious from the performance indicators alone how well the council has achieved these objectives. There may be other aspects of the service – such as choice offered to users of the service or overall quality – which need further exploration. For example, reletting council properties quickly may, at first glance, appear to be good performance. But this could be achieved by offering prospective tenants only one offer of accommodation, or by completing repairs after tenants have moved in. This may be contrary to other council policies on choice and service to tenants. Equally, however, policies on tenant choice should not be used as an excuse for the slow reletting of properties. The balance between efficiency and quality in cases like these is a matter of judgement. You need to be clear what you mean by 'good performance' and make sure that this is reflected in the way council services are provided and in how much they cost.

Indicators and targets

22. Some of the Audit Commission indicators require the council to set its own target for the performance of a service (for example, for the reliability of refuse collection, or for answering letters and telephones). In these cases, published targets should be clear and comprehensible to the public and should make it clear what standards of service local people should receive (see examples in box). A target for reliability of the refuse collection service which states that the service should be '99 per cent reliable' is meaningless – 99 per cent of what? These targets must be published in a local newspaper so they should be expressed in plain language in such a way that members of the public can understand them and assess whether the service they receive matches the council’s target. Looking at the targets set
by other councils may be helpful – both in terms of assessing how ambitious your council’s targets are in comparison with others and in terms of the language they have used.

23. In cases where the Audit Commission indicators do not require the council to set a target, you should still agree targets and publish these along with information about past performance. Agreeing targets for future levels of performance helps with the process of planning the allocation of resources to different services.

**TARGETS GOOD AND BAD**

*Targets should tell the public clearly what standards of performance they can expect…*

**Targets for collecting refuse:**

London Borough of Hackney:
‘Once a week collection from all premises on a specific day. Return of bin to allotted area, lid replaced and spillage cleared.’

Another borough:
‘99.92%’

**Targets for rectification of refuse collection errors:**

Spelthorne Borough Council:
‘Any error reported before midday to be rectified on the same day; errors reported after midday to be rectified by the end of the following day.’

Another district:
‘Immediately’.
Performance indicators in a broader context

24. The Audit Commission's performance indicators and any other indicators produced by councils themselves should always be seen as part of a broader strategy to monitor and improve services, and to keep the public informed. Our indicators should be integrated into the council's performance review system. Initiatives such as local service charters should be linked to performance indicators with the indicators used to monitor the extent to which promises made in such charters are kept. Such public statements of service standards also help you and members of the public know what levels of service to expect, and what constitutes good or bad performance.

25. Beyond this, performance indicators can also be used to assess levels of performance and achievement of staff, making sure that staff throughout the whole organisation have responsibility for the council's key objectives by relating personal performance targets to those objectives. And you can use performance information to inform and involve local people in local government issues. By using this information in your consultations with members of the public and local pressure groups, you can find out what local people think about the performance of council services and what improvements should be given priority.

In conclusion

26. Performance indicators are useful tools to help you understand how efficient and effective council services are, and how well they reflect the council's policies. They are a useful starting point for focusing your limited time on areas where attention is most needed and for triggering investigation and action.
27. We have given details below of the Audit Commission’s performance indicators and other related publications. Copies of all these have been sent to all local authority chief executives, but we have also given details of how you can get additional copies. If you have any other questions about the Audit Commission’s performance indicators you can write to:

Paul Vevers
Associate Director
Audit Support Directorate
1 Vincent Square
LONDON
SW1P 2PN
## Publications

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<tr>
<th>The performance indicators</th>
<th>Local Authority Performance Indicators: Volume 1</th>
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<tr>
<td></td>
<td>'County level' services: education services, social services and total expenditure (ISBN 011-886-114X, price £5.00).</td>
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<td><em>Summary of national comparisons between authorities for the year 1993/94.</em></td>
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<th>Local Authority Performance Indicators: Volume 2</th>
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<tr>
<td></td>
<td>'District level' services: council housing, housing benefit, recycling, planning, council tax collection and total expenditure (ISBN 011-886-1484, price £5.00).</td>
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<td><em>Summary of national comparisons between authorities for the year 1993/94.</em></td>
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<th>Local Authority Performance Indicators: Volume 3</th>
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<td></td>
<td>Police and fire services (ISBN 011-886-4009, price £5.00).</td>
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<td><em>Summary of national comparisons between authorities for the year 1993/94.</em></td>
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<th>Local Authority Performance Indicators: Appendix to Volumes 1 and 2 (ISBN 011-886-4017, price £18.00)</th>
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<td>Full set of performance indicators for all local authorities (excluding police and fire) for the year 1993/94.</td>
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<th>Local Authority Performance Indicators: Appendix to Volume 3 (ISBN 011-886-4025, price £8.00)</th>
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<td>Full set of performance indicators for all police and fire authorities for the year 1993/94.</td>
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*The national comparisons for the year 1994/95 will be published in spring 1996.*
Other publications about the performance indicators

**Watching Their Figures** (ISBN 0-11-886-1239, price £8.50)
A detailed guide to the indicators and how to use them (based on the 1993/94 indicators).

**Is Anybody There?** (ISBN 0-11-886-128x, price £6.00)
A good practice guide on answering letters and telephones.

**Have We Got News For You** (ISBN 011-886-4076, price £8.00)
Good practice guidance on local publication of the performance indicators based on research into the first year’s publication.

The above are available from HMSO Publications Centre, PO Box 276, London SW8 5DT (tel: 0171 873 9090).


**How Is Your Council Performing?** (no charge)
8pp summary of Watching Their Figures.

The above are available from the Audit Commission, Nicholson House, Lime Kiln Close, Bristol, BS12 6SU (tel: 01179 236 757).
Appendix

Key questions for councillors about the local authority performance indicators

1. How often is performance information reported to councillors? Is this the right frequency?
2. Are the officers with responsibility for services measured by the performance indicators named in the reports?
3. Are comparisons made with a group of similar councils?
4. How were councils in this group selected?
5. Is the same group used for all services?
6. Do the reports show how the council’s performance has changed over time?
7. Have we hit our targets?
8. Are differences in performance or costs between our council and similar councils explained?
9. How do our targets compare with targets of other councils?
10. Are changes in performance over time explained?
11. Is the level of performance achieved in line with the council’s priorities?
12. Have we spent money in a way which reflects the council’s priorities?
13. Have we set targets for the next monitoring period?
14. Do we publish targets for all services which the public think are important?
15. Will the public be able to understand these targets easily?
16. Do we have an action plan to address poor performance?
17. Have we scheduled a report back at a later date on the success of these action plans?
18. Is our performance monitoring and review process improving the quality and effectiveness of council services?
The Audit Commission for Local Authorities and the National Health Service in England and Wales