

# Statutory performance indicators

## Direction 2014 and Guidance



Prepared by Audit Scotland  
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# The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website:

[www.audit-scotland.gov.uk/about/ac](http://www.audit-scotland.gov.uk/about/ac)

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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# Direction 2014

## Foreword

The Accounts Commission has a statutory responsibility to define the performance information that councils must publish in the following financial year. This Direction sets out the range of performance information for the 2015/16 financial year that the Commission requires councils to collect and report in public.

The Commission has retained the schedule of statutory performance indicators as set out in the Directions for 2012 and 2013. This provides continuity to support further progress with the Local Government Benchmarking Framework (LGBF) and councils' public performance reporting arrangements. We retain three headline indicators – in relation to corporate management characteristics, service performance and reporting through the LGBF.

The Commission welcomes the progress made by councils to develop their performance data set through the LGBF. In 2014, we have seen the LGBF start to mature as a resource, with three years of comparable information giving trend information and analysis. The Commission also acknowledges the broad progress made by councils in how they report their performance in public, including Statutory Performance Indicators, evidenced by its 2014 review of public performance reporting which we shared with councils earlier this year.

Since 2008, the Commission has taken steps to develop a more flexible approach to its statutory responsibility. The 2008 Direction reduced statutory indicators from 58 to 25 and in 2012 the Commission reduced the number of indicators to three. This shift reflected the local government community's commitment to the LGBF and the progress made towards this. The Commission recognises it is time to reflect on progress since 2008 and how its approach is taken forward. During 2015, the Commission will review its strategy in relation to statutory performance information. It will review progress and plan its approach to promote continuous improvement in the quality of performance information from, and reporting by, councils. A key requirement is that the public can compare performance across councils and over time.

As part of this review, the Commission will, in June 2015, consider a fifth report on progress by councils on their public performance reporting against the three statutory performance Indicators. Audit Scotland staff will write to you early in 2015 with more detail about the process. The Commission will provide councils with information from this review of public performance reporting to help inform improvement work. In due course, I will also write to you to outline the Commission's plans for statutory performance information and monitoring of public performance reporting.

Douglas Sinclair

Chair of the Accounts Commission for Scotland

December 2014

**LOCAL GOVERNMENT ACT 1992  
THE PUBLICATION OF INFORMATION  
(STANDARDS OF PERFORMANCE) DIRECTION 2014**

1. This Direction is given by the Accounts Commission for Scotland (“the Commission”) under section 1(1)(a) of the Local Government Act 1992, which requires the Commission to direct relevant bodies to publish such information relating to their activities in any financial year or other specified period as will, in the Commission’s opinion:  
  
“facilitate the making of appropriate comparisons (by reference to the criteria of cost, economy, efficiency and effectiveness and of securing best value in accordance with section 1 of the Local Government in Scotland Act 2003) between –
  - i. the standards of performance achieved by different relevant bodies in that financial year or other period; and
  - ii. the standards of performance achieved by such bodies in different financial years or, as the case may be, other periods”
2. This Direction is given to all local authorities and to joint committees and joint boards, as defined by the Local Government (Scotland) Act 1973, and amended by the Local Government etc. (Scotland) Act 1994.
3. Each of the bodies referred to in paragraph 2 shall, in accordance with section 13 of the Local Government in Scotland Act 2003 and associated regulations and guidance from Scottish Ministers:
  - a. publish the information specified in the schedule to this Direction for all those activities which are carried out by the body
  - b. ensure that publication facilitates the making of comparisons where appropriate and possible with performance for those activities which were also specified in 2014/15 (2013 Direction).
4. The period for which the information in the schedule must be published is the financial year ending 31st March 2016.
5. In the schedule, the term ‘Best Value’ shall be interpreted in accordance with the definition and requirements of Part 1 of the Local Government in Scotland Act 2003.

## Schedule

### Corporate management

SPI 1: Each council will report a range of information, sufficient to demonstrate that it is securing Best Value in relation to:

- responsiveness to its communities
- revenues and service costs
- employees
- assets
- procurement
- sustainable development
- equalities and diversity.

### Service performance

SPI 2: Each council will report a range of information sufficient to demonstrate that it is securing Best Value in providing the following services (in partnership with others where appropriate):

- benefits administration
- community care
- criminal justice social work
- cultural & community services covering at least sport & leisure, museums, the arts and libraries
- planning (both environmental and development management)
- education of children
- child protection and children's social work
- housing & homelessness
- protective services including environmental health, and trading standards
- roads and lighting
- waste management services

### Local Government Benchmarking Framework

SPI 3: Each council will report its performance in accordance with the requirements of the Local Government Benchmarking Framework.

# Guidance

## Introduction

### Purpose of the guidance

1. This guidance provides appointed auditors and their teams with an outline of the process for assessing each council's response to the Direction 2014. Further detail will be provided in the spring 2016, in a pro forma for completion by the end of September 2016.
2. The guidance also provides some further information to councils, in support of the Direction. It aims to assist their understanding of the process and purpose of the two stages of the assessment.

### Legislation

3. Section 1(1)(a) of the Local Government Act 1992 (1992 Act), gives the Accounts Commission the power to direct relevant bodies to publish such information relating to their activities in any financial year or other specified period as will, in the Commission's opinion, *"facilitate the making of appropriate comparisons (by reference to the criteria of cost, economy, efficiency and effectiveness and of securing best value in accordance with section 1 of the Local Government in Scotland Act 2003) between:*
  - *the standards of performance achieved by different relevant bodies in that financial year or other period; and*
  - *the standards of performance achieved by such bodies in different financial years or, as the case may be, other periods."*
4. The 1992 Act lays a duty upon each council to ensure that it has in place such arrangements for collecting, recording, and publishing performance information that will allow it to comply with a Direction from the Commission.
5. The Local Government in Scotland Act 2003 places a statutory duty on councils to make arrangements to secure continuous improvement in their performance and it also places a statutory duty on councils for the reporting to the public of the outcome of the performance of functions. Statutory guidance published in 2004<sup>1</sup> sets out arrangements councils should make for securing Best Value and includes the statement:
  - *"Public Performance Reporting should give stakeholders information that allows them to make informed judgements about public services, to contribute to decisions about what standards of service should be pursued, and to challenge performance in the interests of future service improvement. To be productive, Public Performance*

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<sup>1</sup> The Local Government in Scotland Act 2003 Best Value Guidance: Measures to Support Public Performance Reporting, Best Value Task Force, April 2004.

*Reporting (PPR) has to involve the right information going in the right way to the right people at the right time.”*

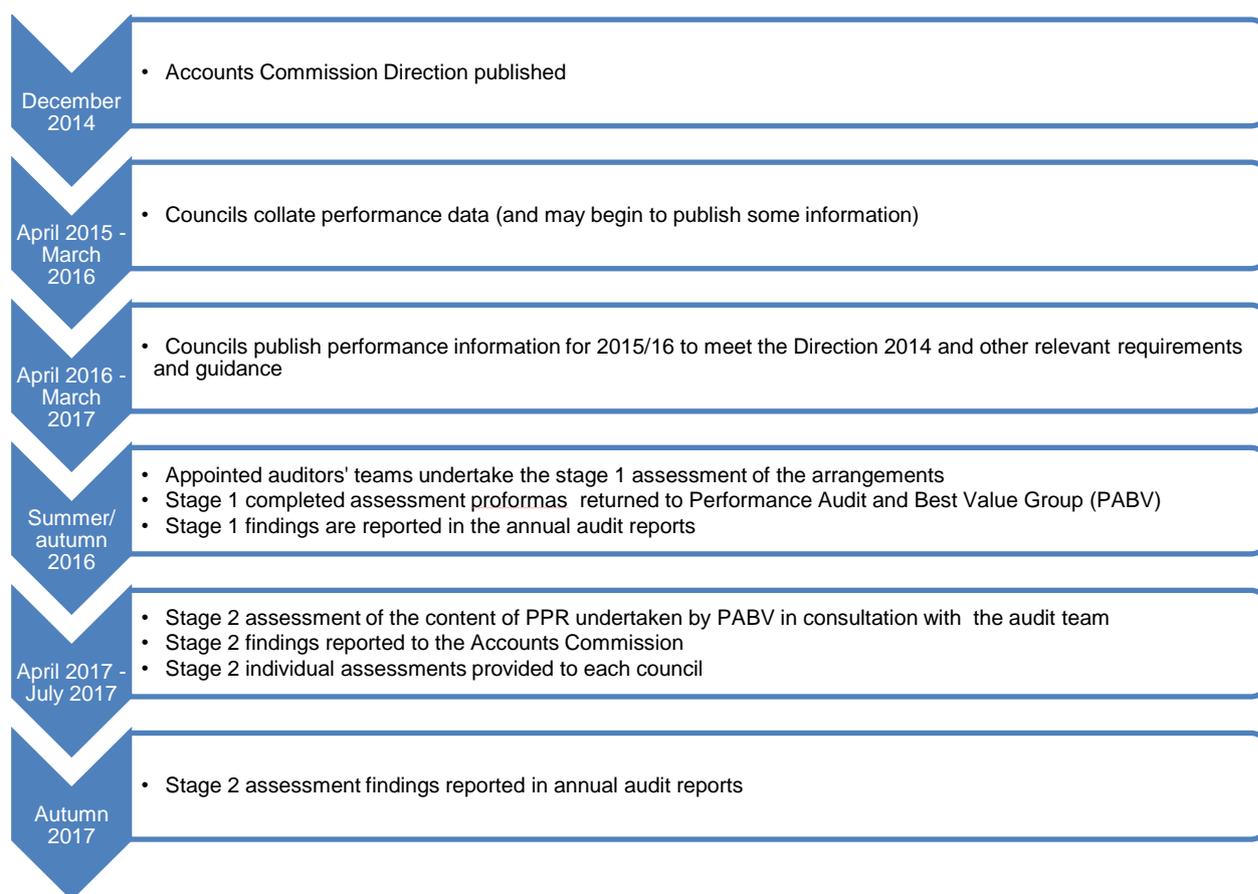
6. The appointed auditor’s statutory duty in relation to the performance information is set out in section 99 (d) of the Local Government (Scotland) Act 1973 (as inserted by section 3(2) of the Local Government Act 1992). The auditor's duty is to be satisfied that the council has *“Made adequate arrangements for collecting and recording information, and for publishing it, as are required for the performance of their duties.”*

### **The Accounts Commission Direction and the Local Government Benchmarking Framework**

7. From the early 1990s until 2012/13, the Accounts Commission/Audit Scotland annually collated and published detailed SPI information for the main council service areas set out in each year's Direction, together with council profiles and a compendium of council performance data.
8. Until the Direction 2012, the Accounts Commission had retained much the same style of Direction (with minor amendments) since 2008. The change of approach in 2012 reflected the Commission’s aim of providing flexibility for councils to develop their own broad set of comprehensive information for public performance reporting. In the foreword to the Direction 2012, the Commission acknowledged the local government community’s developments to improve performance information through the Local Government Benchmarking Framework (LGBF).<sup>2</sup> This provides a benchmarking framework for Scottish councils, covering major service areas.
9. LGBF indicators draw on existing performance information, including councils' financial returns to the Scottish Government and other indicators sourced from government departments and the Scottish Household Survey. The Direction 2012 included a new SPI (SPI 3) for councils to report their performance in accordance with the LGBF. The Directions 2013 and 2014 retain SPIs 1, 2 and 3 as set out in the Direction 2012.
10. The Direction issued by the Accounts Commission in December 2014 relates to performance information for collection during the financial year 2015/16 and subsequent public reporting. For clarity the time line of activity relating to the Direction 2014 is illustrated below.

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<sup>2</sup> [Local Government Benchmarking Framework](#)



## Council arrangements

11. The Accounts Commission is not prescriptive about how councils fulfil the requirements of the Direction, however the arrangements a council puts in place should mean that it:
  - establishes systems and procedures to ensure that the information is gathered
  - checks that, as far as is practicable, the information gathered for publication is complete and accurate
  - retains all working papers and any other sources which may be examined by appointed auditors, and is able to make these available on request
  - places the performance information required by the Direction in the public domain
  - maintains a publicly available record of the reported information
  - informs all council officers involved in the collection and reporting of information of relevant requirements and guidance in relation to Best Value, SPIs, the LGBF and PPR.
12. In determining the information to be reported, each council should consider and, where appropriate, reflect:
  - how effectively it is securing Best Value, including using trend and comparative information
  - the performance reporting requirements of any other legislation
  - achievement against their single outcome agreements with the Scottish Government

- indicators/measures in relevant suites or frameworks of performance information determined by government, regulatory agencies, professional associations or others
- national standards and targets for service delivery
- local service priorities and objectives
- service user views.

### The role of audit

13. The role of the auditor is not to ensure that the published performance data is accurate; that is the responsibility of each council. The auditor's role is to assess if appropriate arrangements are in place and how effectively these respond to the requirements of the Commission's Direction.
14. The assessment process has two phases. The first is forward-looking; the local appointed auditor is required to assess whether the plans and arrangements to generate performance information and public performance reports meet the requirements of the Commission's Direction. Note:
  - The assessment of the plans and arrangements for meeting the Direction 2013 (published December 2013), relating to performance data for the 2014/15 financial year, should be undertaken by the auditor in the summer/autumn 2015.
  - Accordingly, the auditor should undertake the assessment for the Direction 2014, relating to performance data for the 2015/16 financial year, in summer/autumn 2016/17.
15. The second assessment phase is to confirm that the council has discharged its responsibilities in relation to the Direction. The Audit Scotland Performance Audit and Best Value group (PABV) will undertake an assessment of the effectiveness of the councils' arrangements and liaise with the local auditor for each council at key stages of this work. Note:
  - The assessment of the effectiveness of the arrangements for meeting the Direction 2012 (published in December 2012) relating to performance data for the 2013/14 financial year and subsequently published during 2014/15, will be undertaken by the Performance Audit and Best Value (PABV) group in consultation with the appointed auditor in the spring 2015.
  - Accordingly, the effectiveness of the arrangements for meeting the Direction 2013 and 2014 Direction will be assessed in spring 2016 and in spring 2017 respectively.

## Detailed audit guidance

### Stage 1 - Assessing the council's plans and arrangements

16. Auditors must assess whether adequate arrangements are in place for collection and publication of accurate and complete information in relation to SPIs 1, 2 and 3. The audit process broadly replicates last year's requirements.

17. Please note that it is expected that the LGBF indicators will form a large part of the council's PPR information. However, in addition to a comparative analysis of the LGBF indicators, councils should also include local PIs, customer satisfaction information, trends over time, and coverage of improvement priorities and plans.
18. It is not the duty of auditors to collate and check data on behalf of the council. However, they need to assess if appropriate arrangements are in place and how effectively these respond to the requirements of the Commission's Direction. Auditors should take into account the extent to which they can take comfort from internal audit work (or other internal assessment processes) undertaken to verify the adequacy of arrangements and the completeness and accuracy of performance information. Assurance may also be derived from the work of other scrutiny bodies, including regulators and inspection agencies, and from independently verified quality assurance systems.
19. The appointed auditor will:
  - Ascertain whether the officer(s) responsible for coordinating PPR and LGBF PIs are fully aware of their responsibilities

#### *Performance measures and data*

- Check that the council has aligned performance measures to key priorities and outcomes
- Ascertain the council's plans for collecting performance data including sources
- Ascertain the council's arrangements for checking and verifying that information is accurate and complete
- Check local indicator definitions are agreed and recorded
- Check that definitions, arrangements for collection, verification and reporting arrangements are documented and communicated to all staff involved and are understood
- Check arrangements are in place to keep evidence and supporting papers.

#### *Public performance reporting*

- Confirm that the council has a strategic approach to public performance reporting that meets legislative requirements
- Check that the council's reporting plans cover the specific criteria for reporting listed in SPI 1 and 2
- Ascertain the timescale and publication timetable
- Ascertain the council's planned timetable and procedures for reporting the Local Government Benchmarking Framework indicators
- Ascertain the reporting arrangements
  - Range of mechanisms and formats

- Who PPR is intended to reach, e.g. the general community, specific communities of interest, service users, members of the public with visual impairments
  - The varying levels of detail available, e.g. information is presented in different levels of detail to meet the needs of different audiences
- Check whether the council has considered what information its communities want to see and is using a range of methods to make sure that information is readily accessible. For example, publishing information in local newspapers, on the council website, using social media, publication and distribution of information in leaflets etc.
- Check the council's plans to publish:
  - Local indicators
  - SOA performance
  - Direct comparisons with other councils
  - Comparisons of performance over time and against targets
  - Qualitative assessments e.g. citizen user/surveys
  - Feedback about how customer views have been used to improve services
  - Scrutiny body assessments
  - Declining or under-performance as well as achievements
  - Explanation of underperformance
  - Improvement plans and targets
  - Whether there are details about how to access more detailed and additional information (sign posting).

**20. Timing and reporting - The appointed auditor will:**

- Complete the stage 1 audit work and return the completed pro forma to SPIquery@audit-scotland.gov.uk by 30 September 2016. The pro forma will be sent to the appointed auditor in spring 2016 and published on the Audit Scotland website.
- Highlight in the auditor's annual report (to councillors and the Controller of Audit) that the audit of SPIs 1 to 3 is a two stage process. The initial stage, appraising arrangements, will be reported in the annual audit report. The second stage, assessing the quality of PPR, will be reported to the Accounts Commission in the following May/June and then subsequently in the annual audit report produced that year.
- Highlight, in the auditor's annual report, the respective statutory duties and responsibilities of council and auditor in relation to the SPI Direction and Guidance, including any significant issues arising from the audit work and the auditor's recommendations about areas in need of improvement.

## Stage 2 - Appraise the content of PPR

21. The Audit Scotland PABV business group will:

- Liaise with the appointed auditor regarding the council's plans and systems for PPR.
- Liaise with the council to seek detailed 'signposting' of web based PPR and copies of any key examples of PPR not available on the web. The appointed auditor will be copied into any related communications with the council.
- Check that published PPR information includes all the elements described in SPIs 1 to 3.
- Assess the quality of PPR against criteria, including the extent to which the council has included:
  - local performance indicators
  - SOA performance
  - scrutiny body assessments
  - contextual information
  - customer/citizen satisfaction levels with the councils' services
  - feedback about how customer views have been used to improve services
  - comparisons of performance over time, against targets and with other councils
  - information and explanations about declining or under-performance as well as achievements
  - improvement plans and targets
  - methods to ensure accessibility of information to all members of the community
  - the reader's access to more detailed or further information

22. Timing and reporting – the Audit Scotland PABV group will:

- Analyse published PPR relating to the Direction 2014, in the spring of 2017.
- Liaise with appointed auditors on a factual accuracy check of the draft individual council assessments. PABV will provide the auditor with the draft assessment for comment or queries, in advance of sending the draft assessment to the council. The auditor should discuss any resulting factual accuracy comments with the council and return relevant comments and any additional information or evidence to PABV. PABV will advise the auditor and council of any resulting changes to the assessment resulting from the factual accuracy check.
- Report on progress with PPR to the Accounts Commission in May/June 2017.
- Distribute to councils relevant information from the assessment as directed by the Accounts Commission, such as the individual council assessments and examples of good practice.

### **Accounts Commission consideration of strategic approach to SPIs**

23. During 2015/16 the Accounts Commission plans to consider its long-term objectives relating to SPIs in the context of the legislative framework for SPIs; councils' progress with the LGBF; and the Commission's other work, including Best Value audits. The Commission's conclusions on how it intends to take forward its approach to SPIs and PPR will be communicated to appointed auditors and councils in due course.

### **Contact information**

If you have any queries about this guidance, please email [SPIquery@audit-scotland.gov.uk](mailto:SPIquery@audit-scotland.gov.uk) with your query and contact details.

29 January 2015