



Plymouth City Council

Value for Money Conclusion 2011-12: Review of the achievement of strategic priorities 2011-12
September 2012

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1 Executive Summary

1.1 Background

Against the backdrop of the current economic environment and the impact on available resources, there is a risk that 2011-12 Council's do not have adequate arrangements in place for strategic planning and prioritisation of resources. Consequently, in the Audit Plan for 2011-12, we identified the need to review the arrangements that the Council has put in place for prioritising resources and improving productivity at Plymouth City Council .

This review assesses the extent to which the Council is on course to meet the strategic objectives set within the resources available, and that appropriate mechanisms are in place to monitor and evaluate progress in the future.

1.2 Key Findings

Plymouth's Corporate Plan for 2011 – 2014 sets out the vision and the four top level priorities for the City to be delivered in the context of reductions in spending and the need for increased efficiencies. The corporate plan was revised following the election of the labour administration in May 2012. The revisions to the Corporate Plan and its impact on the Council's arrangements for securing value for money will be considered as part of our audit for the 2013/14 financial year and will be reported as part of our value for money conclusion for 2013/14.

We have performed a more detailed review of the Council's arrangements to ensure secure financial resilience which is reported separately but should be considered alongside the findings included within this review.

The Council has made sound progress over the past year to ensure that corporate priorities and plans are acted upon and we recognise the successes achieved by the council within this report. In particular, the Council has appropriate arrangements in place to identify high cost / low performance areas and where additional efficiencies are required, and can be delivered, within the context of the strategic priorities.

We have made a number of recommendations where we consider there is scope to introduce a more cohesive approach across Plymouth. These recommendations are aimed at improving an already sound system of review and monitoring.

We have recommended that the Council should focus on the following key areas:

- the Council is making decisions and setting out service and delivery plans based on the priorities of the Council. These plans could be improved further by highlighting the transparency of the links with the Council's priorities. In particular, there is the opportunity to expand the current resource delivery plans to demonstrate how existing resources, and not just savings, are allocated to directorates to deliver on priorities;
- the Council has the framework in place to monitor and measure achievement of the Level 2 and Level 3 outcome measures. There is scope to further improve the information produced to show how the Council is achieving against their top level priorities and any further actions that may be required to ensure their successful delivery;

- there is limited information reported through the quarterly finance and performance outturn reports on the actual achievement of the top level objectives. This information could be expanded upon; and
- there is the opportunity for the Council to consider increasing the transparency of the information around the shared priorities. There is scope to produce updates on how it is working on delivering these and therefore the progress made, to date, on achieving the strategic outcomes.

Details of the full recommendations identified from this review are included in Appendix 1 of this report and our included in the detailed section of this report.

1.3 Next Steps

The Council should consider the findings from our review in relation to the arrangements in place to prioritise resources at a high level and addressing the recommendations raised through this review.

As part of the Council's own review into the priorities and outcome measures, the Council should continue to review the risk and cost implications and continue to drive forward improvement in line with the aspirations of the Council.

Our review has also identified the potential impact on the performance management framework going forward under the new directorates and new administration. As part of this we would like to bring to your attention four key areas we have identified from discussions with officers for the Council to consider as part of the next steps and planning for a cooperative Council and as part of the Plymouth 2020 plan.

2 Introduction

2.1 Background

The 2011-12 audit plan for Plymouth City Council (the Council) identified that we would review the arrangements for prioritising resources and improving productivity and efficiency at the Council. This review has been undertaken against the backdrop of the current operating environment where budget reductions arising from the 2010 Spending Review are having a significant impact on the level of resource available to the Council.

Against this background, the Council have responded to the challenge well, and reviewed their management structure and the services provided to local residents. As it progresses with the implementation of the service transformation programme and cost reduction plan over the next three years, it is essential that outcomes are monitored and evaluated effectively to test whether the benefits being achieved match or exceed the benefits originally forecast. This is of particular interest to members and senior management of the Council

The Council needs to ensure that it is on course to meet the strategic objectives set, and that appropriate mechanisms are in place to monitor and evaluate progress.

Our review has considered the achievement of the Council's priorities for key service areas in the context of the corporate plan and planned efficiencies in 2011-12. The 2011-2014 corporate plan sets out the overarching vision to be "one of Europe's finest, most vibrant waterfront cities where an outstanding quality of life can be enjoyed by everyone"¹.

This vision is supported by four top level, shared, priorities for the Council which are to:

- Deliver growth;
- Raise aspirations;
- Reduce inequality; and
- Provide value for communities

Our review has focused on the outcomes set under the 2011-14 corporate plan, but also covered the mechanisms in place to link outcomes and priorities under the new Council structure from January 2012.

2.2 Audit objectives and scope

The scope of our work was agreed with the Council in August 2012 and set out the following objectives:

- to review the adequacy of the high level arrangements in place to prioritise resources for Plymouth City Council as part of the delivery of the value for money opinion for 2011-12;
- to consider whether key risks in meeting corporate priorities have been identified and are being appropriately managed; and
- to make recommendations, if and where appropriate, to help the Council strengthen the prioritising and monitoring process.

¹ Plymouth City Council Corporate Plan 2011-14

We have used this work to inform our overall view that will support our statutory duties. We emphasise that our review focussed at a relatively high level on the overall arrangements in place and, as such, was only intended to indicate potential risk areas. Our work has not encompassed the detailed work that would be required to provide full assurance to the Council on all potentially significant risks and this may be an area that the Council would want its Internal Audit service to review.

The scope does not extend to an assessment of the robustness of the strategic priorities, the performance data or the likelihood of projected financial and performance outcomes being delivered in future. However, it does highlight any weaknesses identified through our work that may have a bearing on these aspects.

2.3 Audit Approach

Our audit approach has included interviewing key officers and reviewing a sample of documentation. We have reviewed the outturn performance for 2011-12 and reviewed in further detail the outturn performance of three key service areas, the results of which have been incorporated into our findings and this report.

The key officers interviewed include:

- Assistant Director for Finance, Efficiencies, Technology and Assets
- Senior Policy, Performance and Partnerships Adviser
- Head of Finance, Finance, Efficiencies, Technology and Assets
- Senior Policy, Performance and Partnerships Adviser
- Assistant Director of Joint Commissioning and Adult Social Care

The key documents we have reviewed include the following:

- Corporate Plan 2011–2014
- Corporate Plan 2012–2015
- Member Reports on Finance and Performance in 2011-12
- 2011-12 budget book
- Reports on performance indicators in 2011-12
- The Plymouth Plan – initial report, September 2012
- Scrutiny and Overview Board reports in 2011-12
- Service Business Cases (2010, 2011)

2.4 Report Structure

The following section sets out our findings in relation to the ability of the Council to measure and report on the achievement of the Council Priorities in the context of the Corporate Plan and the planned efficiency savings for 2011-12.

We have reviewed the current arrangements in place and focused on key service areas where significant efficiencies were planned in 2011-12, reviewing the impact on the performance outturn for 2011-12 for these areas.

We have looked at the finance and performance outturn for the following key service areas:

- i Revenue and Benefits;

- ii Adult and Social Care; and
- iii Children and Young People.

These areas were selected based on the finance and performance outturn for 2011-12 for the Council, and following initial discussions with the Council of the areas where transformation plans had been implemented.

A summary of our findings for these areas is included in Appendix 2 of this report.

Our key findings are set out within the next five sections, where we have split our findings into a summary of what is working well at the Council, and what issues are emerging.

These sections, as agreed in the initial scope of work (August 2012), are:

- How is the Council linking the priorities to the resource delivery plans?
- How is the Council assessing the achievement of the priorities in 2011-12?
- To what extent does the performance management structure enable the Council to assess the outcomes?
- How is the Council using performance indicator data to assess the achievement of the priorities?
- How are the current arrangements being reviewed for 2012-13 and the longer term?

As part of our review, where there are potential risks to the Council we have taken the opportunity to make recommendations for improvement to the current and/or future arrangements.

3 How is the Council linking the priorities to the resource delivery plans?

3.1 Summary

Our review has considered the process undertaken by the Council to link the overall priorities and vision of the Council to the resource delivery plans. We have reviewed how these priorities form the basis of the delivery and wider strategic plans to enable the measurement of achievement against these objectives in 2011-12.

The Council has four top level priorities which are supported by a number of priority outcome measures and these are clearly set out in the Corporate Plan 2011-2014.

We have concluded that the Council is making decisions and setting out service and delivery plans based on the priorities of the Council, however improvements could be made in improving the transparency of these links. In particular, there is the opportunity to expand the current resource delivery plans to demonstrate how existing resources, and not just savings, are allocated to deliver on these priorities.

3.2 Background

The 2011-2014 corporate plan sets out the vision and the four top priorities of the Council that apply to each department across the organisation. These priorities provide the focus for all strategies and it should be clear, in everything the Council is doing, how all activities contribute to the delivery of required outcomes in one of these four priority areas.

The performance indicators and targets for the Council have been set at four levels to address the priorities and vision for Plymouth in the medium to longer term. The four levels are linked to the four top level priorities of the Council and their partners.

The Level 1 outcome measures are outlined in the corporate plan, set at a strategic level and cover a ten year period. Level 2 and 3 outcome measures are high level operational indicators which are matched against one of the four priority objectives and are measured by each Directorate. The outcome of the measures, where relevant, are reported to Members on a quarterly basis, and monitored by senior officers on a monthly basis. This regular reporting allows for any risks to performance to be identified and mitigating action plans to be drawn up and the risks communicated to senior officers.

Level 4 outcome measures are used for managing and monitoring at a departmental level and on a more regular basis.

3.3 What is working well?

The 2011-12 delivery plans

Individual service plans

There is evidence to suggest that the Council are mapping the priorities at a high level to the departmental priorities, and that any resource and performance targets and decisions are made within the overall council framework. The individual service plans identify which of the four priorities they are primarily focused towards.

3.4 Emerging issues and recommendations

Budget setting arrangements 2011-12

A report on the budget setting arrangements to members in 2011-12 sets out the departmental priorities. Our review identified that there is scope to make clearer links to demonstrate how each department contributes to the overall priorities and vision of the Council. This would enable the Council to be clear how each service is planning to contribute to the vision. Further, in the event that priorities are reviewed in the future, the resource implications associated with each can be more readily identified.

For 2011-12, the delivery plans are focused primarily on the delivery of savings and how these savings are aligned to one or more of the four priorities. The delivery plans for each directorate do not currently show how the planned resources for the year are being used to contribute to the performance and outturn of the Council.

By setting out how resources are planned to contribute to the delivery of the priorities of the Council, it will be in a better position to monitor and ultimately report, using case studies where possible, how those plans have helped to deliver those priorities.

R1 We recommend that the Council consider the current planned resources and set out how these, irrespective of the efficiency savings, are contributing to the delivery of the priorities of the Council and Plymouth as a whole.

The budget scrutiny report in 2012-13 made a number of recommendations that the Council should be considering in relation to how the services and their linked service plans, are contributing to the delivery of its priorities.

This focus on planning the resources would then enable the Council to report in a positive way on their achievement for the year, along with the savings delivered. For example "we spent £xm in this area in 2011-12 which has increased the number of jobs in Plymouth by yy and therefore contributed to our growth agenda...".

Undertaking a detailed review of how the existing resources are being spent across the Council, will help make more robust future investment decisions based on previous experience. As resources become further constrained over time, the Council will need the data in place to be able to consider how the existing services are contributing to the delivery of the vision, and also consider the level of service the Council will provide in the future, as its key objectives and vision change.

R2 In line with the budget scrutiny report, we recommend that the Council reviews how the directorates service plans are contributing towards the achievement of the Council priorities.

Priority focus in budget setting 2011-12

At a local level, budget delivery plans are used on a day to day basis for monitoring against expected performance. These are focused on the saving plans required to be delivered in each financial year. However, further evidence is required on how decisions are being made when additional investment is needed to meet priorities, or, if a service / area is not contributing to a corporate priority, if this service could be run at minimum cost and standard.

As the Council prepares for the longer term and its contribution to the wider Plymouth Plan, it needs to consider how the decision-making framework underpins resourcing decisions.

The Council vision and priorities should define how the Council makes decisions on spend and performance. If an area can be clearly defined as a priority, how are decisions made regarding keeping / increasing / reducing resources and / or services? Further consideration should be given to developing potential trigger points that identify a service that has continual poor performance and high costs in the future.

From the areas considered in this high level review, it is not clear how each directorate is taking ownership of the top level priorities at the Council. The corporate plan sets out these priorities and outcome measures, but it is not clear what the responsibilities of each directorate are to deliver these through the use of individual service plans.

These outcome measures are high level, and do not clearly define the measures of success, for example "increase the number of jobs in Plymouth" is not clear what the target increase in employment is or what the current position is. The resource allocation does not clearly identify where investment is being made to increase the number of jobs, or how this responsibility is shared across the Council and its partners.

"Reduce Child Poverty" is another Level 1 outcome measure, which does not identify to what extent, or how the Council plans to make improvements. For this priority, however, there is a direct link to the Children and Young People plan, which sets out how child poverty will be measured and what steps will be taken to work towards this measure.

The Council should consider further how the Level 1 outcome measures are defined and assessed when setting the revenue budgets to ensure that the measure is clearly understood and the actions required to achieve the measure can be set out and resources allocated.

This will also enable the Council to have a sound basis for measuring the current services provided and inform future decisions regarding investment into services and the level of services provided.

R3 We recommend that the Council consider how Level 1 outcome measures are defined for the individual directorates and service plans to ensure that the actions required to achieve the measure can be resourced appropriately.

4 How is the Council assessing the achievement of the priorities in 2011-12?

4.1 Introduction

Our review has included an assessment of how the Council is monitoring and reporting on the financial and the performance outcomes achieved in 2011-12.

We have taken into account the revenue monitoring and outturn position for 2011-12 and the overall performance outcomes to assess the arrangements the Council has in place to assess the achievement of the Council priorities.

Our review has found that the Council has the framework in place to monitor and measure achievement of the Level 2 and Level 3 outcome measures, however it could improve the information reported showing how the Council is achieving its top level priorities, together with any further actions required.

Our findings are set out below which identify three recommendations to improve how the Council is assessing and reporting on the achievement of the high level priorities and outcome measures.

4.2 Background

The medium term financial plan for the Council states that value for money is driven by robust benchmarking and value for money targets set for the key areas of high spend and poor performance. In 2011-12, the Council focused primarily on two service areas, transformation of the Revenue & Benefits provision and the working practices within Adult Health and Social Care.

In addition, the Council is undertaking a significant programme of investment in its Accommodation Strategy. As this is primarily focused on capital investment, it has not been covered in the scope of our review, although we recognise the revenue impact could be across all Council directorates and contribute to the delivery of priorities at the Council.

Service Outcomes for 2011-12

The financial and performance scorecards for each directorate have been reported throughout the year to Members through Budget Challenge Scorecards. These set out any key risks to the budget and performance targets, identifying the impact on performance on resources and vice versa. The scorecards also provide Members with a useful picture of how the Plymouth service compares with other unitary councils / family benchmarking group, where data is available.

As part of our review, and to support our findings into the arrangements for prioritising resources and improving value for money, we selected three key service areas to review in further detail the impact that any savings plans and transformation plans had on performance in 2011-12. Originally, we set out to review service areas seen as high cost and low performance or low cost and high performance. The areas we have selected are high cost, and have a mixture of high and low performance outcomes for 2011-12, despite the transformation

schemes implemented. A summary of the performance for each of the areas selected is summarised below, with further information included in Appendix 2 to this report.

Children and Young People

The 2011-12 financial and performance outturn is summarised in the below tables.

Children and Young People – Social Care Financial Summary £'000			
2010-11 Budget	Saving Plan for 2011-12	2011-12 Budget	2011-12 Outturn
27,206	3,890	28,102	27,757

Performance Summary – targets which were not met				
Performance Indicator	Level	Outturn 2010-11	Target 2011-12	Outturn 2011-12
Number of Children in care who are placed in 'independent sector foster placement' - EOM snapshot	3	new	56	67
Number of Children in care who are placed in 'residential care placement' - EOM snapshot	3	new	13	21
NI 117 16 to 18 year olds who are not in education, training or employment (NEET) - Qtrly	2	7.10%	5.3% (472)	6.10% (489)

Within this department, there are 35 Level 2 and Level 3 outcome measures. Eleven relate to Social Care, 17 are for lifelong learning and the remaining seven concern learner and family support. Not all of the indicators were available at the year end, especially those in relation to schools. The final outturn report identified that, in social care, overall performance had been good and the key areas of good performance included the stability of children in care and assessment timescales. An overall position of the number of outcome measures met, marked as amber or red, was not reported in the final report to members in July 2012. The two Children in Care indicators highlighted in the above relate to social care, which is a high cost area and also generated an underspend for 2011-12.

For Children and Young People, it was reported in November 2011 (Quarter 3) that budget pressures were created by increased number of children in care and a rise in the number of NEETS. There was a forecast shortfall of £60,000 against the delivery plan target.

Whilst a final outturn scorecard has not been reported to Members, details are summarised through the final 2011-12 outturn report to members in July 2012. The delivery plan revenue savings for children social care and learner and support including savings on restructures, catering and care services totalled £1.31m for 2011-12.

The final outturn position for Children and Young People was an overall underspend of £1.83m and performance areas noted as a concern remain around the level of NEETS and Children in Care in Plymouth, compared to benchmarked figures.

Further discussions with the Council have identified that there are programmes in place to address the performance of these areas, including early intervention schemes and a priority for youth unemployment.

The underspend within this area indicates that the saving plans are being delivered. But the Council should ensure that it is satisfied that the outcomes where underspends are identified are

not detrimental to the overall service objectives. From a high level review of the outturn and the reporting information, the underspend relates to savings made in advance of expectations and staffing / commissioned spend slippage, whereas the performance outturns are driven by increased demand for services and the current economic environment.

R4 We recommend that the Council should ensure that they are satisfied that the investment needed in these areas can be made out of the children's budget, without impacting on other areas of performance or the resources allocated.

Adult Social Care

The 2011-12 financial and performance outturn reported to Cabinet in May 2012 is summarised in the below tables.

Financial Summary £'000			
2010-11 Budget	Saving Plan for 2011-12	2011-12 Budget	2011-12 Outturn
72,646	1,991	71,845	71,920

Performance Summary				
Performance Indicator	Level	Outturn 2010-11	Target 2011-12	Outturn 2011-12
1C (ex NI 130) Proportion of people using social care who receive Self Directed Support, those receiving Direct Payments	2	30.29%	60.00%	33.10%
NI 131 Delayed transfers of care (per 100,000 population aged over 18)	2	4.95	17.30	17.3
2A (ex 1ADF) Permanent admissions to residential and nursing care homes per 100,000 population	3	18.57	107.71	148.4
1H (ex NI 149) Proportion of adults in contact with Secondary Mental Health services living independently with or without support	3	63.67%	65.00%	71.10%
1F (ex NI 150) Proportion of adults in contact with Secondary Mental Health services in paid employment	3	7.98%	85.00%	8.70%

There are just five key performance measures for Adult Social Care, a division of Community Services in 2011-12, as set out above.

For Adult Social Care in 2011-12 it was reported in November 2011 (Quarter 3) that an overspend of £0.9m was forecast, based on increased costs of social care and care packages. Reference is made to the likely non-achievement of the direct payment target and the transformation of the service, and highlights that performance has been impacted, in the short term, by overall structural changes becoming embedded in the directorate.

The delivery plan savings for adult social care, which include the new ICT system, remodelling of services and delivery of care services totalled £1.99m for 2011-12 (revenue saving).

Overall, Adult Social Care achieved a breakeven position. Per the outturn report to Members, this was achieved through an increase in the health and social care funds against increased demand and increased performance within delayed transfers of care, adults with mental health problems and learning disabilities.

We note that the transformation for adult social care is anticipated to deliver further savings in 2012-13 and that the Council is planning a more detailed review on the outcome and impact of

the 'invest to save' project when it is fully completed. This review should be reported to Members along with any value for money considerations.

Corporate Support (encompassing Revenues and Benefits)

The 2011-12 financial and performance outturn is summarised in the below tables.

Financial Summary £'000			
2010-11 Budget	Saving Plan for 2011-12	2011-12 Budget	2011-12 Outturn
15,335	2,360	13,939	13,972

Performance Summary				
Performance Indicator	Level	Outturn 2010-11	Target 2011-12	Outturn 2011-12
BV009 Percentage of Council Tax collected	3	96.10%	97.00%	96.30%
BV010 Percentage of NNDR collected	3	97.30%	98.00%	96.20%
BV078a Time processing new claims	3	30 days	20 days	28 days
BV078b Time for processing notifications of changes of circumstances	3	19 days	15 days	17 days
L(Fin)25 Benefits accuracy	3	95.00%	98.00%	88.00%
L(Fin)27 Reduce costs of the Revs & Bens dept compared to benchmark costs	3	N/A	-£400,000	- £452,526

Within the Corporate Support Services directorate (which includes revenues and benefits), there are 11 performance measures used. Six of these relate to the performance in this department as identified above.

For the revenue and benefits transformation programme, the corporate support budget at November 2011 was reporting significant progress against budget delivery programmes with an underspend forecast – the spend within revenue and benefits is reported as below the Unitary Council benchmark for cost, and further improvements in performance are anticipated in 2012-13.

The final outturn position stated that performance benefits are starting to materialise, but a significant increase in service demand has impacted on the final outturn. The financial target has not only been achieved, but exceeded and whilst income collection targets have been missed, an improvement has been made on prior years.

The delivery plan savings specifically for the revenue and benefits programme, including cashiers and debt management, totalled £0.85m for 2011-12 (revenue saving). This indicates that, despite the transformation, a positive impact has been made on the financial position of the department, but the planned increase in performance has yet to materialise. Following further discussions with officers, it is clear that improvements in the performance is high on the agenda for the Council and along with agency staff brought in to clear backlogs in claims, changes in working practices and responsibilities continue to be implemented to ensure improved performance outcomes at Level 3 are realised in 2012-13.

4.3 What is working well?

Review of Service Areas

The review of the selected service areas identified above, for finance and performance outturn in 2011-12, provides evidence that the Council is committed to investing in services and transformation programmes with the aim of improving performance and reducing expenditure. The outcomes are being monitored by officers and members at a high level.

Monitoring and reporting procedures

In 2011-12, the Council established a reporting package which combines the budget outturn and the performance outturn for the performance indicators at Levels 2 & 3². These reports form the basis of reporting to members.

Reporting to Members – use of Scorecards

Alongside the presentation of the delivery plan progress, the Council also use a scorecard approach to present a two page summary, per Directorate, of the financial and performance risks, including a benchmark comparison (for example, the community service scorecard reported to Cabinet in November 2011).

4.4 Emerging issues and recommendations

Financial Reporting Procedures

A final outturn of the delivery plans for 2011-12 was not included in the June 2012 revenue outturn report to Cabinet, although the achievement of the delivery plans can be taken from the overall outturn of the revenue budgets for each directorate. It is noted, however, that the delivery plans set out the savings and / or additional income to be achieved over a three year period.

A summary of the achievement against the 2011-12 budget and potentially future year savings plans would enhance the transparency of the information presented to Members and the public in relation to the achievement of the efficiencies for 2011-12.

R5 We recommend that the Council improve the transparency of the final outturn report and achievements of resource delivery plans for the financial year.

Invest to save projects

The performance information at the Council is also used to drive and support specific 'invest to save' projects at the Council – these are projects driven by either increased service or poor performance and therefore require changes to ensure performance is increased, revenue savings made and for delivery of targets to be met. These changes often require investment and therefore specific 'invest to save' business cases are developed to identify the resource required and the benefits expected. In 2011-12, the following 'invest to save' projects were reported on throughout the year to Cabinet:

- Parent and Child Assessments;
- Intensive Support for Young People with Multiple and Complex Needs;
- Accommodation Strategy; and
- Procurement Category Management.

In addition, the corporate plan for 2011/14 outlined the following as 'invest to save' projects already approved:

- supporting the launch of a new website for customers that will allow 24/7 access, greater functionality and more efficient electronic transactions with the council; and,
- the upgrade of the Care First system to improve management of client information in adult and children's social care

Progress against these projects were reported in the monitoring reports to Cabinet, although a review of the June 2012 outturn report does not include information on the overall progress for

² Corporate Plan 2011 - 2014

these projects in 2011-12, in terms of the level of investment made against the original business case or the level of savings generated. Earlier reports refer to the monitoring arrangements by the management team, but the Council should consider whether the outturn of the 'invest to save' projects is reported in the final outturn report, especially where these projects span more than one financial year.

R6 We recommend that the results of any investments made in the year to improve performance and/or create efficiencies should be included in the final outturn report to Members.

5 To what extent does the performance management structure enable the Council to assess the outcomes?

5.1 Introduction

The Council has a performance management structure in place which has been restructured in 2011-12. This provides a set framework against which to set targets, record and measure performance and report the results at different levels across the Council.

We have found that the finance and performance management structure enables the Council to identify high cost and low performance services areas and identify where performance could be improved within the overall priority framework.

For the longer term, the Council should ensure that this information is able to be used to review future service delivery against the priorities and outcome measures, that they remain appropriate and progress and achievement can be measured and understood.

Background

There is a set performance framework in place against which to set targets, record and measure performance and reporting results at different levels of the Council. Overall, the performance management structure provides a framework which cuts across the Council to enable data to be collected, monitored and reported in line with the resource outcomes.

The impact of performance across the council is at risk of increasing as revenue resources continue to be constrained through reduced government funding and increased demand on some areas for example adult social care. There are likely to be conflicts between priorities, for example, as a restructure in one department could result in the loss of jobs, which directly impacts, therefore, on the priority for growth in employment. If the individuals are redeployed within the Council instead, this could impact the new department's ability to consider restructure and opportunity for savings through a rationalisation of resources..

5.2 What is working well?

Performance management structure

Performance data is reported through a variety of means and tailored for the intended audience. Using a central system, information is collated and shared with relevant managers as required. Formal monthly meetings are held with representatives from finance, HR and performance, which focus on the targets, outturn and risks faced by the service. A combined finance and performance report is drafted following these meetings and shared with members, based on the scorecard approach identified in section 4.

In 2011-12, the Council restructured the performance teams, which resulted in a centralised Performance, Policy and Partnerships department, serving the whole Council. By centralising the performance team, the Council should benefit from a more cohesive and informative

reporting regime, with benchmarking data and information being standardised and collated in one central place. This has also enabled, which should become more evident as the arrangements become further embedded in the Council, an increase in awareness of performance across services and an understanding of how performance in one department could have an impact on another department.

Having a centralised performance team in place, which is heavily involved in the setting of the delivery plans and overall financial budgets, should reduce the risk of conflict and will enable this type of issue to be identified in advance of the delivery plans being set. By taking a holistic view, but working towards the key priorities of the Council, the departments will need to work across service areas and directorates to ensure that the impact of each initiative is understood and decisions are made in the best interests of the wider community.

Performance data

The level of performance and revenue data collected enables the Council to identify where there are high cost services and poor performance and follow these up through:

- a review of the appropriateness of the targets;
- a review of the resources available;
- a review of the service overall;
- a review of sickness levels and the associated impact given the high level of sickness at the council;; and
- a review of the need for investment (ie ICT) and / or a change in service

In 2011-12 the Council have identified the need for change and investment in the ICT systems which have included the Microsoft platform supporting the revenue and benefits systems, the performance management system and adult social care systems for flexible working and direct payments.

The investment needs have been presented to members setting out the level of investment required and the implications of the investments, prior to being approved. It is encouraging that the Council recognises there is a need for investment to be made in some areas to allow for improved performance, service and resources going forward, despite the constraints facing the overall resources of the Council.

Assessment of outcomes

The Council are monitoring both saving achievements and performance targets together to enable a comprehensive picture of the delivery of the saving plans and the performance outturn. A development in 2011-12 has been to hold regular monitoring meetings with the relevant department manager, a finance representative, an HR representative and a performance manager to discuss the monthly out-turn. This representation at these meetings ensures that the implications of any reductions in resource could have on the departmental (and higher level) performance targets is taken into account and vice versa – if a performance target is at risk, a rounder discussion can be held as to the resource implications of meeting the targets.

In terms of monitoring and reporting, departmental score cards are used and a Red, Amber, Green ('RAG') rating is given which enables the management team and members to quickly identify where performance is on track or at risk. This RAG rating is used for both performance target results and delivery plan results in year. The discussions held at the internal meetings inform any action plans required and the narrative that will be included in the formal reports to members.

The regularity and the attendance of these meetings enables the performance management structure to support the delivery and transformation plans for efficiency and also provide a challenge role on the impact on efficiencies on performance.

In 2011-12, for example, within revenues and benefits, a major transformation scheme was undertaken, driven by the high cost, low performance of the service. The transformation scheme was undertaken for more than just the direct service lines, it also encompassed related departments, to reduce the duplication of work for cashiers and data processing.

The 2011-12 outturn delivered over £1m of savings through restructuring, increased use of ICT and staff changes and the structure was fully implemented from November 2011. A review of the performance of the department for collections and processing identifies that, despite the investment made in the year, performance has not met the targets set for 2011-12. This has led to increased monitoring within the department and through the performance team. It is noted that for 2011-12, there was a period of backlog of cases which has impacted on the final outturn.

A review of the performance for 2012-13 quarter one, indicates that progress continues to be made towards meeting these targets.

5.3 Emerging issues and recommendations

Service demand levels

The finance and performance reports for revenue and benefits, as an example, refers to an increase in demand. However, the figures for the demand levels are not stated in the quarterly monitoring reports, or the possible financial and resource implications of the increase demand.

We note that the final outturn report for June 2012 identifies that the performance targets have been missed and demand has increased, but the report does not clearly identify the level of increase in demand. To increase clarity and understanding of how demand is impacting on services, this information should be reported to members to enable a clear picture of the service to be understood and the full impact of the increased demand, against the restructure to be considered.

If the trend for demand is forecast to increase, this may provide further information to Members as to the suitability of the existing performance measure targets and /or the level of resources committed to cope with the demand levels.

R7 We recommend that the Council consider increasing the performance information reported to clearly set out how demand for services has had a direct impact on the financial outturn and on the achievement of the set targets and wider priorities.

Performance information in the future

As the new arrangements become embedded in the Council, there is the opportunity for reviewing the information that is gathered from across the Council, analysed, benchmarked and reported to Members.

This is especially important going forward, as demand levels potentially increase / decrease and will enable the Council to be in a good position to review future service delivery requirements against the priorities and outcome measures and have a developed understanding of the intricate relationship between performance, resources and service delivery.

The following key questions are examples that may form part of the review of the information gathered and used to as a means for assessing future outcomes:

- do the performance targets capture the information required to assess how the service is delivering on the priority areas?
- do the targets indicate progress to achieving the aspirations of the directorate, the Council and the wider partners?
- do the changing external environment and demographics impact the targets?
- are the targets realistic?
- in the context of restricted resources, are the measurements considered best value?

For 2012-13 onwards, the Council should consider these questions in the context of evidence for reviewing future service delivery against the priorities and outcome measures. It will also provide a basis for ensuring that the performance measures remain appropriate and ensure that progress and achievement can be measured and understood.

6 How is the Council using performance indicator data to assess the achievement of the top level priorities?

6.1 Introduction

Performance indicator data is collected at a number of levels across the Council and our review assessed how the Council is using the performance indicator data to assess the achievement of the top level priorities and overall vision.

A key element to our review is that the vision and the top level priorities have been set and agreed with Plymouth's key partners within the NHS, Police and wider community and are documented in the Plymouth 2020 plan. Our review has considered how the Council is assessing their contribution to these objectives.

Overall, there is limited information reported through the quarterly finance and performance outturn reports in respect of the achievement of the top level objectives and this information could be expanded. The Council should increase the transparency of the information around the shared priorities and include updates as to how they are working towards these and the progress made to date in achieving these strategic outcomes.

Our findings are set out below with a small number of recommendations to improve how the Council is using the performance indicator data to assess the achievement of the shared priorities.

6.2 Background

The Council has set out the shared vision and four priorities which they are working towards along with key Plymouth partners, with the organisations working together to deliver improvement within Plymouth.

The shared vision and priorities are set out in the Plymouth 2020 plan, and the Council are continuing to work towards identifying the practicalities of the partnership in practice and the delivery of these priorities.

6.3 What is working well?

From a review of the performance information available and discussions with officers at the council, it is evident that the impact of costs on performance and outcomes is understood across the management team and that this has been enhanced through initiatives during 2011-12 including:

- joint finance, performance & HR reporting;
- the senior management team discussing budgets together and not in silos with the finance team;
- the policy, performance and partnership team have been centralised rather than operating within departments; and
- clear performance and finance reports – were reported monthly at departmental management team meetings and quarterly at senior management team meetings.

These arrangements are likely to be enhanced further in the future through:

- the consistent use of the same benchmarking club (unitary group/LGA);
- the full roll out of a new with improved functionality performance reporting system;
- consistent reporting on performance and finance and HR to aid risk assessments and understanding of the potential impact on ideas and decisions; and
- the use of the 'invest to save' projects that will ensure in a time of resource reductions, investment into technology is being recognised and investment decisions continue to be made in line with need.

To reduce the risk that performance cannot be measured against the four shared priorities, the Council should review how to demonstrate contribution to the Level 1 objectives and the wider Council priorities and vision. A review of the reports to Members regarding policies and strategies identifies that prior to approval, new policies and projects are required to consider the relevance to the four corporate priorities, but this is then not transferred through the overall performance and finance outturn reports.

For example, the Health & Adult Social Care biannual report in November 2011, outlines that the key areas for the adult social care service are around delivering value for communities and reducing inequalities. However, the performance outturn report does not make it clear how, in 2011-12, the service has contributed to these high level measures. By excluding this information in the outturn reports to members, it is not clear how the Directorates are contributing to the Council's priorities and vision.

This finding is explored further in the following paragraphs.

6.4 Emerging issues and recommendations

Assessment of top level priorities

From our review, we found that there is limited reporting on how the Council is working towards the level 1 outcomes and the four top priorities. The quarterly finance and performance reports refer to a percentage figure in their headline performance summary, for example for 2011-12 the Council reported that 50% of indicators met target with 50% showing actual improvement between 2010-11 and 2011-12.

It is not clear from the report, how the performance of the Level 2 and Level 3 outcome measures in adult and children social care and revenues and benefits have contributed to this measure in the achievement of the Level 1 objectives.

The outturn report provides further explanation on why performance is at 50% and the implications that this has for the Council's Level 1 objectives and four priorities. It is not clear what the target performance is for these outcome measures, or if the remaining 50% have deteriorate or remain on track. One explanation given is that some of the targets are set over a three year period and therefore reporting as a totality could be misleading. In our view, the Council should consider establishing interim indicative targets to measure performance where a longer timeframe objective has been set.

In addition, some of the performance outcomes were not available at the date the outturn report was produced, which means that a complete picture cannot be shown.

Initially, it would appear that only achieving 50% of high level targets is a potentially poor performance. The context around this performance needs to be provided to members and the

public with appropriate explanations for the actual figures being reported. This is a key issue for Members who should ensure that they are comfortable with the outturn performance for the financial year and understand what the impact of not achieving the remaining 50% of targets could be.

R8 We recommend that the reporting of Level 1 outcome measures and the shared priorities is expanded to include interim measures where appropriate, to enable a more comprehensive understanding of the performance for the Council to be understood.

Reporting arrangements

Currently the achievement of Level 1 outcome measures is reported at a high level, using the red, amber and green ('RAG') rating, to Cabinet members on a six monthly basis. This is separate to the performance and resource reports presented every quarter.

We note that the Council is planning to revise and update the finance and performance reporting arrangements in 2012-13, including the information and the reporting timetable.

To improve transparency, the Council should make best use of examples to identify how resources are delivering the performance improvements. This could incorporate information from partners working with the Council as well as Council specific projects / initiatives.

R9 We recommend that consideration is given to the headline performance information reported and the implications of the outturn performance on the achievement of the Council's key priorities.

6.5 Allocation of top level priorities amongst Plymouth and the Partners

Our review identified that it is not currently clear from the information reported, how the priorities have been allocated across the different partners and therefore how much of a specific contribution the Council has set themselves to achieve. There are a number of different partners involved, of varying size and service delivery priorities.

For example, is each partner committed to delivery of the priority as a whole, or has the Council committed to deliver a specific proportion of the objectives and the remainder needs to be delivered by other partners.

Despite the aspirational nature of these high level priorities, there continues to be an opportunity for the Council to expand on how Plymouth as a whole is delivering the vision.

We note that the Plymouth Plan and the Plymouth Report have been cited as documents which will contain more detail at a strategic level, in the longer term, on how the priorities are being delivered. However, we feel that there is scope for the Council to improve its reporting of delivery against objectives on an annual basis, highlighting the Council's own involvement and contribution in the delivery of each priority.

R10 We recommend that the Council review the current arrangements for reporting on the achievement of the top level priorities and identify how they are specifically contributing to the overall vision of Plymouth.

6.6 Partnership Working

Where there are shared priorities across the Council and other organisations in Plymouth, there is a risk that policies and delivery plans from these partners could have outcomes that directly impact on the demand for services provided by the Council and vice versa.

This is an increasing concern in the current economic environment and could impact demand for revenues and benefits (if job losses are forecast), social care (depending on NHS policies and strategies) and or businesses objectives (depending on the partner's own planning and development activities).

The Council should ensure, therefore, that they are reviewing the current performance measurements set for:

- suitability to services and the way in which they can be delivered;
- changing demographics;
- increased or reduced demand / costs for some areas; and
- consistency with Partners strategies, objectives and developments in the wider sector.

R11 We recommend that the Council continue to monitor the strategies and direction of the partners for any impact on the delivery of the shared priorities and vision to reduce the risk of conflicting outcome measures and it should seek opportunities to align shared resources appropriately.

7 How are the current arrangements being reviewed for 2012-13 and the longer term?

7.1 Introduction

Our review has also considered the appropriateness of the arrangements for the future issues as the Council enters into a new era under a different administration. Consequently, we have reviewed the Council's arrangements for assessing and prioritising resources and improving value for money over the 2011-12 period and for the future. In this section of our report, we identify the changes that have occurred in 2011-12 and highlight areas for the Council to consider as it continues to develop and review the existing priorities and outcome measures for Plymouth.

Capital and investment is out of the scope of this review, but should also be subject to detailed consideration by the Council to ensure that investment isn't made in areas that may not be required in the longer term.

Our findings are set out below and follow a theme of reporting and governance which we recommend the Council take into consideration as part of any planning around outcome measures and performance in the future.

7.2 Background

In the 2012-13 financial year, the Council had a change of administration and a new corporate plan for 2012 – 2015 was published. In addition, in January 2012, the Council restructured its directorates from five to three (People, Place and Corporate Services).

The new administration has kept the overall vision and corporate priorities as measured in 2011-12 and has added an additional 100 pledges – targets to be met within the 2012-13 financial year.

2012 – 2015 Corporate Plan

The 2012/2015 corporate plan sets out the new directorates and provides a summary of the challenges, agendas, and priorities for the period. For each directorate it outlines "major achievements to draw on" which is a list of example projects and services that have been undertaken within the directorate.

These are at a high level, for example, "reduction in overall crime" and "raising educational attainment, including that for children in care".

Whilst we appreciate that the corporate plan is at a high level, we consider that the Council should review the benefits of improving the transparency of the achievements to date, stating specifically what has improved and by how much - this will enable the wider public to understand exactly how the Council is able to prioritise the services to deliver the objectives and understand the level of progress that has been made, and that which is still to be delivered.

A further list for each directorate is included "moving on - the big issues" which highlights the key issues facing the directorate which need to be addressed. These include, for example, "increased birth rate in more deprived areas", "reducing costs in adult social care" and "ensuring commitment from partners around multi-disciplinary team locality working".

These are at a high level and the Council is monitoring these through individual directorate plans (for example the Children and Young People Plan, the Plymouth Plan) where the objectives and measure of achievement can be made.

The current performance indicator basket at level 2 and level 3 are supporting the measurement of these issues, but there is **an opportunity for the Council to revisit the current indicators used to ensure that they are able to collect the data required to enable the achievement of these "big issues" to be accurately measured on an on-going basis.**

The Plymouth Plan

The Council are compiling a Plymouth Plan' which is aiming to be a "strategic document that encompasses the whole of the city...It will set out a vision and path to improvement."

Primarily a planning development strategy, it supports the Council's priority for sustainable growth and overall vision for Plymouth.

It is clear that the Council are aware of the resource constraints and the need for a joint commitment across Plymouth to enable delivery of the overall vision and priorities of the City. To ensure that the plan is achievable, the Council should ensure that there are clearly identified objectives which are shared across the council and partner organisations. These objectives should follow the SMART format and be monitored for progress on a regular basis, to ensure that the Plymouth Plan does not just remain aspirational, but is a working and achievable strategy for Plymouth.

The Council should ensure that it is viewing the Plymouth Plan in its entirety as a working document to achieve its vision and reviews how the Plan links to other strategies and delivery plans at the Council. The resource implications, not just of the Plan, but also of the objectives set, will need to be understood and monitored. It is likely that there will be additional resources for some of the objectives, but also opportunities for savings to be made. The cost : benefits of the objectives should be reviewed prior to being agreed to ensure that it is clear what investment levels are required by the Council to enable delivery of the Plymouth (and other) relevant plans.

When the outcomes of the objectives supporting the Plymouth plan are monitored and reported across the Council, this should be in line with any direct and indirect resource implications, to enable the value for money implications of the delivery of the plan to be fully assessed.

Within the Plymouth Plan report in September 2012, there were nine initial Plymouth plan themes identified, mapped against the nine Council commitments. **When the Plan is drafted in full, these should also be mapped against the four Council priority areas and ensure that the Level 1 to 4 objectives set for performance management and reporting purposes are aligned to the themes and objectives within the Plymouth Plan.**

Additional 100 Pledges

The new administration at the Council has set an additional 100 pledges to be met, based on their manifesto commitments, which are designed to complement the existing outcome measures in the 2012 – 2015 corporate plan. Going forward, the Council should consider how

these relate to the existing measures of performance and ensure that the individual service plans are consistent with both sets of performance measures.

There is a risk that some of the measures and pledges could conflict against each other or require additional resource which has not been allocated in the initial 2012-13 budgets. **The Council should assure itself that the pledges are able to demonstrate the achievement of service and Council priorities which have already been drawn up and resourced or formally amended.**

This will reduce the risk that spending is occurring in non-priority areas.

Future risks to the achievement of strategic priorities

As part of our review including discussions with officers, we have identified three key risk areas which the Council should ensure are being fully considered when setting performance measures and resource allocations going forward. By considering these risks throughout any decisions on performance and resources, the council should ensure that they are in a position to respond, and mitigate the potential negative impact on Council priorities. There is evidence to suggest that these areas are already being considered at various levels, however, we feel it is useful to repeat them here to ensure that they form an intrinsic part of any decision making at the Council.

Risk 1 – Partnership Involvement

The Council is fully committed to delivering the outcome measures with the Plymouth Partners and in line with the 2020 plan that has been developed. As changes are made to the operating environment of the Council and the partners, attention should be given to the current outcome measures and priorities set and to reduce the risk of any delivery failures and ensure that responsibilities and expectations are clear, including:

- clear SMART definitions of the priorities are set, including stages of progress which can be assessed by partners individually and as a whole;
- clear definitions of the expected outcome measures which are agreed and understood by each partner; and
- a review of the priorities and measurements to ensure that they remain fit for purpose for all partners and any potential conflicts between them are identified and reviewed.

Risk 2 – Changing Demographics

The council should be considering if the priorities and outcome measures at each level remain consistent with changing demographics in Plymouth and the surrounding area. A question to be considered throughout the setting of resources and performance measures is how the latest economic information and future trends is being considered.

Risk 3 – Increased demand on services that are already poor performance or high cost

In line with the changes in demographics, the Council should ensure that it has the capacity and capability to review future demand levels, and associated costs and performance impact. Key questions the Council should consider include:

- If the demand for services is expected to increase, are the Council able to forecast the likely costs of increased demand? Can this be met within current resources for example, or is additional investment required? Are these services delivering against the priorities, or are there changes to the provision required?

- If demand is expected to be increase only for a short period, how much investment and change is likely to be required?

These questions should form part of any medium to longer term planning taking place, in line with the Plymouth Plan that is currently being considered by the Council and ensure that the delivery of future services is in line with priorities and the forecast demand levels.

8 Conclusion

Throughout our review we have considered the arrangements in place for the Council to review and assess the achievement of their strategic priorities.

Overall we have found that there is a strong performance management framework in place and consideration of performance and the priorities feature heavily throughout the Council, with a strong relationship evident between finance and performance.

There is a clear understanding of the links between resources and performance, which is evident through the saving delivery plans, the joint finance and performance reporting process and the ability to identify and implement changes to the high cost and low performance areas.

Despite these arrangements at an operational level, there is scope for improvement for the Council to measure, understand and report on their contribution to the overall delivery of the shared priorities and Level 1 outcome measures, which are aspirational, but significant for decision making and setting resources.

The Council need to be confident that the strategic priorities set for Plymouth remain fit for purpose and that the Council are informing Members and the wider public exactly how they are working towards the achievement of these.

By considering the recommendations that we have raised in this report, the Council should be able to:

- reduce the risk of resources being allocated to non-priority service areas;
- enhance the transparency of decision making as resources become further constrained; and
- improve the information reported on how the Council and the Directorates are contributing to the wider priorities for Plymouth.

Appendix 1 - summary of recommendations and action plan

Recommendations and action plan

Our review has identified that there are a number of areas of best practice being developed which, although in various stages of implementation, are being supported by a specific department, Corporate Property, with an action plan, included in the draft 2010 Corporate Asset Management Plan. These developments are aimed at ensuring there is a clear, strategic approach to asset management across the Council.

We have also set out in our report a number of recommendations, identified from our discussions with officers and review of key documents, which will enable the Council to continue with their strategy and maximise opportunities to improve asset management.

The recommendations identified are repeated in the table below along with space for the Council to respond with the proposed actions.

Area	Recommendations relating to 2011-12	Rating	Council response and action	Responsible officer and target date
Priorities linked to the delivery plans	1 We recommend that the Council consider the current planned resources and set out how these, irrespective of the efficiency savings, are contributing to the delivery of the priorities of the Council and Plymouth as a whole.	Medium		
Priorities linked to the delivery plans	2 In line with the budget scrutiny report, we recommend that consideration is given as to how the directorates service plans are working towards the delivery of the achievement of the Council priorities.	Medium		
Priorities linked to the delivery plans	3 We recommend that the Council consider how the Level 1 outcome measures are clearly defined for the individual directorates and service plans to ensure that the steps to achieve the measure can be resourced appropriately.	Medium		

Area	Recommendations relating to 2011-12	Rating	Council response and action	Responsible officer and target date
Assessment of achievement for 2011-12	4 We recommend that the Council ensures that they are satisfied that the investment needed in Children and Young People Social Care can be made out of the Children's services budget, without impacting on the other areas of performance or resources allocated.	High		
Assessment of Achievement for 2011/12	5 We recommend that the Council consider the means of improving transparency of the final outturn report and achievements of resource delivery plans for the financial year.	Medium		
Performance Management	6 We recommend that the results of any investments made in the year to improve performance and/or create efficiencies should be included in the final outturn report to Members.	Medium		
Performance Management	7 We recommend that the Council consider increasing the performance information reported to clearly set out how demand for services has had a direct impact on the financial outturn and on the achievement of the set targets and wider priorities.	Medium		
Strategic Priorities	8 We recommend therefore that the reporting of Level 1 outcome measures and the shared priorities is expanded to include interim measures where appropriate, to enable a more comprehensive understanding of the performance for the Council to be understood.	Medium		
Strategic Priorities	9 We recommend that consideration be given to the headline performance information reported and the implications of the outturn performance on the achievement of the Council's key priorities	Medium		
Strategic Priorities	10 We recommend that the Council review the current arrangements for reporting on the achievement of the top level priorities and identify how they are contributing to the overall vision of Plymouth.	Medium		

Area	Recommendations relating to 2011-12	Rating	Council response and action	Responsible officer and target date
Strategic Priorities –partnerships	11 We recommend that the Council continue to monitor the strategies and direction of the partners for any impact on the delivery of shared priorities and vision in order to reduce the risk of conflicting outcome measured an seek to align shared resources appropriately.	Medium		

In addition to the above recommendations, we would also like to draw your attention to the following areas we have identified for further review as the Council progresses in 2012-13 with the new directorate structure, the new administration and the continuing pressure on resources across Plymouth.

Area	Opportunity for further review
2012 – 2015 Corporate Plan	1. There is an opportunity for the Council to revisit the current performance indicators used to ensure that they are able to collect the data required to enable measurement of the achievement of these "big issues" and therefore progress can be measured going forward.
The Plymouth Plan	2. Within the Plymouth Plan report in September 2012, there are nine initial Plymouth plan themes identified, mapped against the nine Council commitments. When the Plan is drafted in full, these should also be mapped against the four Council priority areas and ensure that the Level 1 to 4 objectives set for performance management and reporting purposes are aligned to the themes and objectives within the Plymouth Plan.
Additional 100 pledges	3. There is a risk that some of the measures and pledges could conflict against each other or require additional resource which hasn't been allocated in the initial 2012-13 budgets and therefore the Council should assure themselves that the pledges are able to demonstrate the achievement of service and Council priorities which have already been drawn up and resourced.
Future risk considerations	4. The questions around Partnership, demographics and demand should form part of any medium to longer term planning taking place, in line with the Plymouth Plan that is currently being considered by the Council and ensure that the delivery of future services is in line with priorities and the forecast demand levels.

Appendix 2 - Key Service Areas 2011-12

Introduction

To support our findings into the arrangements for prioritising resources and improving value for money, we selected three key service areas to review the impact of any savings plans and transformation plans has had on the performance in 2011-12. Originally we set out to review service areas seen as high cost and low performance and high cost and high performance. The areas we have selected are high cost, and have a mixture of high and low performance outcomes for 2011-12, despite the transformation schemes implemented. The areas for recommendation are included in the main report, but the summaries below provide an overview of the performance and resource outturn for 2011-12.

Overall resource performance for 2011-12

Directorate	£'000							
	2010-11 Budget	Budget Prioritisation Review	Budget Delivery Targets	Indicative 2011-12 Budget (December 2010)	Adjustment	Budget 2011-12	Adjusted Budget 2011-12 (June 2012)	Outturn 2011-12
Children & Young People	51,111	750	(1,241)	50,620	(1,237)	49,383	49,292	47,693
Corporate Items	(9,905)	(662)	0	(10,567)	14,259	3,692	537	(206)
Community Services	110,977	800	(2,723)	109,054	126	109,180	107,905	110,271
Corporate Support	31,679	(200)	(3,790)	27,689	(289)	27,400	29,566	29,434
Development & Regeneration	16,234	(50)	(295)	15,890	1,184	17,074	18,326	18,522
Chief Executive	1,728	-	(211)	1,517	(8)	1,509	2,611	2,636
Total for 2011-12	201,824	638	(8,260)	194,203	14,035	208,237	208,237	208,350

Source: Performance and Finance report to Cabinet, July 2012

Children and Young People

The overall outturn position for Children and Young People in 2011-12 was an underspend of £1.829m. This is against a number of targets that were not met in 2011-12 around Children in Care, take up of school meals and primary school floor targets. Achievement of the underspend, per the commentary³ was reached through early implementation of saving plans, staff savings and slippage in commissioned spend. This raises a question that should be considered by the Council, as to whether the underspends occurring have had a direct impact on the performance of the department. A further high level review indicates that the performance targets that were not met have been caused by increased costs and increased demand, especially for social care as noted below.

Where a performance issue has been identified, for example with the Primary School floor targets or levels of NEETs, early intervention programmes have been put into place to focus on improvement in these areas.

The performance information to members in the June 2012 report focuses on exception reporting – there are a number of performance indicators within this department that have been met within the 2011-12 resources available, however, this information, and key projects that have been undertaken to achieve outturn / performance aside from staff savings or spending slippages have not been highlighted. The mechanisms are in place to review achievement of strategic priorities, however, there are opportunities for the Council to be doing more to report these outcomes, as noted in the main report.

Children & Young People - Social Care

Financial Summary £'000			
2010-11 Budget	Saving Plan for 2011-12	2011-12 Budget	2011-12 Outturn
27,206	3,890	28,102	27,757

Performance Summary					
Performance Indicator	Level	Outturn 2010-11	Target 2011-12	Outturn 2011-12	Target 2012-13
Number of Children in care who are placed in 'independent sector foster placement' -EOM snapshot	3	new	56	67	
Number of Children in care who are placed in 'residential care placement' -EOM snapshot	3	new	13	21	

Source: Performance and Finance report to Cabinet, July 2012

In 2011-12 there were two invest to save projects. From the quarter one finance report, an update on these was given, outlining the progress made to date on the two projects: Parent and Child Assessments and ASD and Complex Needs.

³ Performance and Finance report to Cabinet – July 2012 and February 2012

In the June 2012 outturn report to Cabinet, an update on progress on these projects was included which although includes an operational update, it does not set out what costs or savings have been incurred / made to date. A previous report from February 2012 had outlined the expected savings to be made from the Parent and Child Assessments project (an estimated saving of £0.135m per year from year 3 and for 2011-12 a saving of £0.05m). It is not clear therefore from the final outturn Cabinet report to members for 2011-12, how the invest to save projects are driving the required performance forward. These projects are ongoing and further updates are expected in future performance reports.

A review of the performance and finance report for 2011-12 (Cabinet, June 2012) highlights the increased levels of demand for children services, especially within Children's Social Care. The outturn position was favourable with £0.346m underspend at the year end. The report identifies that overall performance has been good, however due to the increased number of cases for children in care the targets for 2011-12 have not been met.

The outturn report provides summary information on the risks associated with the performance of Children's Social Care and identifies that strategies will be implemented and that additional work is required to address the underlying trends of increased demand and increased costs.

Adult Social Care

Financial Summary £'000				Performance Summary					
2010-11 Budget	Saving Plan for 2011-12	2011-12 Budget	2011-12 Outturn	Performance Indicator	Level	Outturn 2010-11	Target 2011-12	Outturn 2011-12	Target 2012-13
72,646	1,991	71,845	71,920	IC (ex NI 130) Proportion of people using social care who receive Self Directed Support, those receiving Direct Payments	2	30.29%	60.00%	33.10%	
				NI 131 Delayed transfers of care (per 100,000 population aged over 18)	2	4.95	17.30	Not available until 15th May	
				2A (ex IADF) Permanent admissions to residential and nursing care homes per 100,000 population	3	10.67	107.71	148.4	
				IH (ex NI 149) Proportion of adults in contact with Secondary Mental Health services living independently with or without support	3	63.67%	65.00%	71.10%	
				IF (ex NI 150) Proportion of adults in contact with Secondary Mental Health services in paid employment	3	7.98%	85.00%	8.70%	

Source: Performance and Finance report to Cabinet, July 2012

The Level 2 performance indicator, Direct Payments, was not met in 2011-12, with a target set of 60%, against actual achievement of 33.1%. This was an improvement on the prior year (15.9%) and is set against a backdrop of transformation within Adult Social Care. In February 2011, a pilot project begins which focused on customer need and changed the processes within the directorate to serve the customer, which includes the use of direct payments. Supported by a

new system, the change was rolled out across the service and by July 2012, the transformation was complete. This resulted in the same number of front line staff but reduced management and clerical staff and a permanent reduction in the revenue budget.

Over a five year period, this project has been allocated a capital budget of £2.5m and a revenue budget of £3m and the results expected from the business case include:

- improvements in KPI's
- reduction in backlogs of work as a result of increase capacity through process efficiencies and enhancements
- reductions in numbers of caseloads
- improved management oversight of cases

An update of the outcome of this project was provided to members of the support services overview and scrutiny panel in February 2012, which confirmed that the adult social care revenue budget delivery plan of £0.320m is on schedule to be delivered and the saving is estimated to increase to £0.9m from 2012-13.

In 2012-13, the department is predicting that the number of direct payments will increase in 2012-13 and the target will be met. The national target for April 2013 is 100%.

The invest to save projects are predominantly capital and revenue projects and therefore are outside the scope of this review. In line with our review, the invest to save projects are stated as supporting the four key corporate plan objectives, "through improving 'Value for Communities'⁴ by financially investing in initiatives that secure service improvements and net reduced service costs to offset the project costs ."

It is noted that the invest to save projects were not fully complete in 2011-12 but expected to be completed in 2012-13 when a full evaluation of the impact on service improvements and budget savings will be undertaken by the Council⁴. We recommend that the outcome of the reviews are reported to Cabinet members and the impact on performance and resources incorporated into the current finance and performance reporting regime

⁴ Invest to Save Projects update, Support Services Overview and Scrutiny Panel, February 2012.

Corporate Support Services – Revenues and Benefits

Financial Summary £'000				Performance Summary					
2010-11 Budget	Saving Plan for 2011-12	2011-12 Budget	2011-12 Outturn	Performance Indicator	Level	Outturn 2010-11	Target 2011-12	Outturn 2011-12	Target 2012-13
15,335	2,360	13,939	13,972	BV009 Percentage of Council Tax collected	3	96.10%	97.00%	96.30%	
				BV010 Percentage of NNDR collected	3	97.30%	98.00%	96.20%	
				BV078a Time processing new claims	3	30 days	20 days	28 days	
				BV078b Time for processing notifications of changes of circumstances	3	19 days	15 days	17 days	
				L(Fin)25 Benefits accuracy	3	95.00%	98.00%	88.00%	
				L(Fin)27 Reduce costs of the Revs & Bens dept compared to benchmark costs	3		£400,000	£452,526	

Source: Performance and Finance report to Cabinet, July 2012

The overall outturn position for Finance Estate & Efficiencies was an overspend of £0.03m. This underspend is against a number of targets that were almost met, but were an improvement on the position for the prior year. Finance Estate & Efficiencies implemented a significant transformation plan in 2011-12 which encompassed the following key service lines:

- revenues and benefits
- cashiers
- debt management
- income collection

The scheme led to a management restructure throughout these departments and a change in roles for many individuals impacted. The delivery of over £1m of savings in the year was generated through the following key areas of the transformation:

- deletion of management posts
- revised working through a lean / mixed team approach
- use of customer services
- closure of the cashiers services

A member led task and finish group undertook an impact review into the restructure and the outcomes in January 2012⁵ and this identified a number of recommendations going forward to improve staff morale and ultimately the performance of the new structure. The report did identify that the "service was operating a very long processing time for benefits claims, although there was a clear direction on how the service aspired to reduce processing times and improve its performance" which is line with our findings from discussions with officers and review of related documents.

A significant amount of work was undertaken by the Council to consult on the transformation and work with staff to find the best solutions available to the staff and to the customers, including formal and informal consultations and staff surveys throughout the process⁵. A number of changes to roles and positions were made, and the performance has been monitored throughout the transformation. Improvements in areas are being realised, however, these did not fully materialise for the final outturn for 2011-12.

A review of quarter one performance for 2012-13⁶ for the department indicates that performance is increasing, although this is on a steady basis and the Council is monitoring the performance position closely.

In terms of resources, the saving plan forecast for Corporate Support (which includes finance estates & efficiencies) was £8.58m over the three year period 2011 – 2014. £2.1m of this was allocate against 2011-12 and the report in February 2012 identifies that good progress had been made against the budget delivery plans, with significant savings made and an underspend forecast for the year end of £0.15m over and above achievement of the delivery plans. As at quarter three, £0 of the delivery plans were highlighted as at risk (red rating).⁷

Following discussions with officers, there is an awareness of the reasons for the performance and there is an understanding that full transformation takes time to fully embed – incentives within the new departments and the new working practices are expected to lead to increased performance in the future, despite the expected increases in demand and the impact of government policy changes through the Welfare Reform.

Service plans are now in place to focus on the improvement of performance, and this is consistent with officer discussions. The transformation of the service has enabled the Council to position themselves favourably for future developments including the welfare reform impact, additional usage of the transaction centre, and a new way of working across this department.

⁵ Reported to the Overview and Scrutiny Management Board, February 2012

⁶ Performance & Finance Report to Cabinet, September 2012

⁷ Performance & Finance Report to Cabinet, February 2012



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