

# Introduction

Since 1993/94, councils have been required by law to provide information on how well they are carrying out their activities. Councils have to publish the information by 30 September each year.

The Local Government Act 1992 places upon the Accounts Commission (the Commission) the duty each year to direct local authorities to publish information which will, in the Commission's opinion, assist in the making of appropriate comparisons - by reference to the criteria of cost, economy, efficiency and effectiveness - between:

- the standards of performance achieved by different authorities in a financial year
- the standards of performance achieved by authorities in different financial years.

In 2003 the legislation was amended to:

- add 'Best Value' to the range of criteria
- extend the range of functions to include Community Planning.

The Direction for 2006/07 issued by the Commission towards the end of 2005 contained a number of new and changed indicators.

This report, prepared by Audit Scotland on behalf of the Commission, is the 14th national report on the performance of councils under the Local Government Act 1992 and it:

- helps readers to form a view as to how Scottish councils performed in 2006/07
- provides comparison with performance in previous years
- seeks to stimulate interest in, and debate on, the performance of local government in Scotland.

We expect some public interest in aspects of this report, but anticipate that the principal users will be those acting on the public's behalf in providing services and monitoring performance (for example, local councillors, council officials, councils' auditors).

As in previous years, this national report is presented in a series of sections designed to enable readers with an interest in particular services to gain easy access to the relevant information.

This first section provides general information about the way in which the Commission and Audit Scotland:

- select the information it requires councils to provide and report on
- seek to ensure that reliable information is published
- differentiate between economy, efficiency and effectiveness in assessing performance.

It then discusses ways in which the information might be used and identifies a number of general points to be considered when making comparisons between councils.

Subsequent sections cover each of the services for which there are indicators. For each indicator within the service, the report:

- shows details of the indicator for 2004/05, 2005/06 and 2006/07
- discusses what the indicator reports
- identifies points that should be borne in mind before users make comparison with the information for other councils
- identifies those councils for which, in the auditor's opinion, the information provided may be unreliable
- provides a table showing the information for each council.

Since this report is primarily for use by those wishing to undertake their own analysis of the data, no commentary or conclusions are included for individual indicators. Nevertheless, for several

indicators benchmark performance standards exist and councils' performance might be assessed against these.

Although the published information will raise many questions as to what is in fact 'good' performance or 'best practice', in many cases further information would be required before answers could be provided. Local factors may mean that a council with a performance that appears to be worse than that of another council has, in fact, performed better given the more difficult circumstances it faces.

Each council has checked the information held on Audit Scotland's database to give it an opportunity to be satisfied that the information to be published is correct. In a few cases there are differences between the information published in this report and that published by councils earlier in their own reports. Generally, this is because further enquiries by the auditor on behalf of Audit Scotland, have identified the need for correction to the locally published figure. Sometimes councils or auditors discover that information already published by Audit Scotland (eg for a previous year) is incorrect. In such cases it is our policy to correct the information in the Compendium when errors are brought to our attention. It is not possible, however, to correct material published in the Council Profiles.

## Indicator selection

As far as possible, the indicators measure the performance of aspects of a service that are of interest to the public and are important to relevant service managers. A number of the indicators measure quantity of, and expenditure on, an activity. The Commission believes that indicators based on quantity and efficiency (including economy) assist in making comparisons of performance. A number of the indicators measure speed of response to a request for a service to be provided; this is often an important aspect of the effectiveness and quality of a service.

We have had to strike a balance between selecting sufficient indicators to reflect the diversity of council services while not overwhelming users. Also, regard has to be given to the amount of work involved for councils in putting in place robust management systems for information gathering and reporting.

As we seek to reflect Best Value within the statutory performance indicators (SPIs) Audit Scotland has worked with partners, particularly the Convention of Scottish Local Authorities (COSLA) the Society of Local Authority Chief Executives (SOLACE) and the Scottish Government (formerly the Scottish Executive) to improve its indicators. To do this, we clarified our criteria for PI selection in 2000 by recognising that the statutory performance indicators should:

- focus on the output or outcome of service delivery, but be balanced by a range of efficiency indicators to allow a rounded view of how well services are delivered.
- be subject to broad agreement as to whether a change represents an improvement or deterioration in performance
- refer to nationally set or agreed targets or standards rather than local ones, so that inter-authority comparison can be drawn on a more like-for-like basis.

Audit Scotland will continue to:

- work with partners to develop the indicators to the point where they do meet the criteria, if this is considered appropriate. For instance, housing repairs is clearly a significant service area to tenants and yet there are no national standards or guidelines for repair targets.
- encourage partners to develop other mechanisms for the collection of the data. Generally we see this as taking some years, but as also directly in line with the use of benchmarking under BV.
- recognise relevant indicators as 'transitional' in all our publications. We believe that it is important to maintain an awareness of the limitations of these indicators. Although, inevitably, they will need to be used for some inter-authority comparison until we have something better,

we believe that it will be helpful to all concerned to recognise their limitations in terms of our own criteria.

In accordance with the agreed strategy, all of these indicators have been identified as 'transitional' in the following sections of this report. For 2006/07 the only remaining 'transitional' indicator is in Housing Services.

The Act requires the Commission to determine its performance indicators by reference to a range of criteria but does not require that indicators are included about each of these criteria for all council services. Rather, they provide a framework against which we need to consider the overall 'package' of indicators.

Generally, cost indicators provide a context for understanding other performance information. For example, it is important when comparing two councils each of which has an efficient refuse collection service, to know whether one is achieving its objective at a significantly lower cost. However, it is also important to recognise that a council may choose to offer a better service by spending more than would be necessary to provide a service to the minimum acceptable standard. Users need to interpret cost data in the light of other information or knowledge they might have concerning the service provided.

Many of our indicators look at 'outputs' to examine how the available resources are put to use. Indicators such as the proportion of planning applications processed or environmental health inspections carried out within time help to show which councils are performing the basic functions of their services more efficiently. For many of these indicators national targets or standards of service are in place to identify expectations, and the Commission uses these as the basis for comparing performance. However, using such indicators to compare between the performance of different councils requires a presumption that in each case the service is delivered to professional standards. In many cases other regulatory bodies are responsible for making sure this is the case (eg the Food Standards Agency, Her Majesties Inspectorate of Constabulary and the Social Work Inspection Agency).

Measures of service output are relatively straightforward to develop and interpret. However, the Act requires the Commission to compare between all Scotland's councils. Therefore, it is important that for our purposes, indicators deal with service issues that are common to all councils and, if possible, subject to common standards of expected service. It is for this reason that the Commission agreed its selection criteria with COSLA, SOLACE and the former Scottish Executive (see above).

Determining the effectiveness of a service, ie whether the service is achieving what it was intended to achieve, is often more challenging. The outcome of a service may take a long time to emerge. For example, it may take years to assess the impact on a family of social work intervention, or the way routine trading standards inspections influence traders to comply with legislation. Often such things require detailed investigation using a range of research techniques, potentially making the use of quantitative performance indicators inappropriate.

The Act does not separately include 'quality' as one of the criteria to be used by the Commission. However, quality may be viewed as an aspect of effectiveness inasmuch as poor quality services might hinder the achievement of a council's objectives. Therefore, some indicators monitor issues that have a direct bearing on the outcome of a service as it affects the recipient, eg the proportion of qualified staff working in children's homes or the proportion of rooms in care homes with en-suite bathrooms.

Finally, the Commission has a small number of indicators dealing with equality/discrimination. These indicators highlight particular issues where the performance data can be interpreted. It is important not to draw inappropriate comparisons between the performances of councils dealing with widely varying minority group service needs. Often, as with other 'outcome' issues, these matters require that other, more detailed or long-term research methods be used in order to compare performance either between councils or over time.

The Commission's Direction for 2006/07 included some indicators which specifically addressed the quality of service experienced by users - for example, the extent to which residential care is provided in the form of single rooms and rooms with en-suite facilities.

The Commission's report 'Narrowing the Gap' (1994) addresses the principles of satisfactory customer service, and makes recommendations on best practice to Scottish councils. In 2005 a further report 'Improving customer service through better customer contact' focused on the effectiveness of customer contact and interaction, and how this contributes to providing better service to customers.

## Using the performance information

### Comparing performance

When considering a council's performance, comparisons can be made in three ways:

- the standard of performance achieved by the same council over two or more years, ie same-council comparison over time
- the performance achieved by other councils for the same activity, in the same year, ie inter-council comparison
- the standard of performance compared with national standards.

**Same-council comparison:** many of the indicators presented in this report can be used to look at how the performance of councils' services has changed over time. However, some of the indicators have either had changes in definition since earlier years or have changed in terms of the collected data. In such cases, direct comparison over time may not be possible or appropriate.

**Inter-council comparison:** some indicators can also be used to compare the performance of different councils for the same year. This is the case where there is a reasonable consistency between councils in what they are trying to achieve. For example, councils undertake the assessment of children with special educational needs. It is reasonable to compare their performance for this service, as they are all aiming to complete the process to a similar professional standard.

On the other hand, the performance may be reported in relation to a target set by each council, making inter-council comparisons difficult where targets differ. For example, in Housing, Indicator 1 reports the percentage of repairs completed by a council within locally set target response times.

**National standards:** where there is a national standard the extent to which each council has achieved the standard can be compared directly. An example of a national standard is that food hygiene inspections should be undertaken within prescribed time periods depending on the assessed risk arising from the business. One of the indicators for the environmental health service reports the extent to which councils have met the targets for premises in different risk categories. Any local variations in circumstances should be taken into account by service managers to ensure that the national standard is met.

### Drawing comparisons

Each of the statutory performance indicators is designed to assist members of the public gain an understanding of the cost, economy, efficiency or effectiveness with which council services are delivered.

A number of factors may have an impact on the reported performance information. It is important to be aware of these in order to understand why councils' results may vary considerably. Some of the factors are population size, population density, and the mix between urban and rural settlements. Others may be specific to a particular service or the groups of people it serves. For each indicator, a section called 'Points to bear in mind' identifies some of the relevant factors.

Most of the major activities within each service are reflected in the selection of indicators. However, no single indicator provides sufficient evidence upon which to base a judgement as to the provision of a complete service, such as housing. Also, an indicator may conceal variations in performance within a council area. For example, if a council has four swimming pools of varying ages and conditions, offering different types of facilities, attendance levels at each of them may be quite different. The information in this publication is reported in relation to the whole council rather than the location in which a service is delivered.

Finally, except where quality is directly addressed by the definition of the indicator, no comment is made on the quality of services provided. For example, two councils may spend similar amounts on a particular client group (eg older people) as part of their social work provision. However, the quality and appropriateness of the services experienced by the users may be markedly different depending upon the skills of the staff, managerial practices and other factors.

### **Data reliability**

The Local Government Act 1992 places a responsibility on councils to:

- make arrangements to collect and record the required information so that it is available for publication
- publish information which, as far as is practicable, is accurate and complete.

To assist councils to collect the information on a consistent basis, we provide them each year with a Guide that contains:

- definitions of terms for each indicator and clarification on how the information should be compiled
- details of a 'helpline' provided by Audit Scotland to answer queries from councils and auditors
- guidance on proposed management arrangements within a council for ensuring that each of its services supplies the required information on time
- guidance on the role of the external auditors, appointed by the Commission, in reviewing the systems being used to produce the information and, where appropriate, highlighting where improvements need to be made.

The work undertaken by councils' auditors to review information systems each year identifies a number of cases where, in the auditor's opinion, there are doubts about the authority's arrangements for producing the information. In such cases comparisons with other councils should be made with care. To facilitate the identification of these cases, each section of the report relating to a specific service contains a table showing, by council, which information should be treated as potentially unreliable.

The appendix provides a summary of these tables and also indicates which councils failed to report (ftr) information for particular indicators in 2006/07.

Audit Scotland and the Accounts Commission are concerned that the quality of the data provided by councils should continue to improve and, through the audit process, we are advising councils of the improvements required to their data collection and recording systems.

### **Key to information**

The information tables in the following sections make use of several conventions to explain the lack of data in particular cells:

- 'Not reported' means that the authority failed to report the required information
- 'No service' means that the authority did not offer the service
- an empty cell indicates that there was no applicable data
- data shown in blue was deemed by the appointed auditor to be 'unreliable' (see above).