

**Bolsover, Chesterfield and North East Derbyshire District
Councils'**

Internal Audit Consortium

Internal Audit Report

Authority:	Chesterfield Borough Council
Subject:	Performance Management / Corporate Targets
Date of Issue:	13th April 2018

Report Distribution:	Assistant Director Policy and Communications Executive Director
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INTERNAL AUDIT REPORT

POLICY AND COMMUNICATIONS

PERFORMANCE MANAGEMENT / CORPORATE TARGETS

Introduction

Previously a single set of National Indicators was used to measure local government performance this ended on 31st March 2011. From April 2011 local government were required to report data to central government on a single data list.

In 2015 the Audit Commission was disbanded and the Local Government Transparency Code was introduced which ended any specific requirement to report on performance measures.

In February 2015 a four year Council Plan was approved. The plan defined the Council's key priorities and aims which were underpinned by the three overarching priorities and values of the Council's vision as detailed in paragraph 2 of this report.

Scope and Objectives

An audit review of a sample of corporate targets within the 2015-2019 Council Plan was undertaken. The review concentrated on the reporting of targets within the 2016/17 operational year. The scope and objectives of the audit was to ensure that the achievement of the Council Plan was monitored and measured.

Areas reviewed included the following: -

- The Council Plan has been formally approved and measures the delivery of objectives.
- Performance is regularly reported.
- Supporting documentation confirms the adequacy, reliability and the extent of evidence on the basis of providing a clear audit trail for the sampled targets.
- The methodology used in performance measurement and reporting is accurately based and consistent.

Conclusion

The overall conclusion of the audit was that the reliability of the internal key controls operating was assessed as **limited** – Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives (see appendix 1 for definition of conclusions).

Although the Council Plan has been approved and is updated and monitored, the conclusion of “Limited Assurance” has been reached as currently there is no corporate system in place for monitoring the achievement of service plan target (some service plans have not even been produced). Without service plans’ being in place it is difficult to demonstrate how these services are contributing to the achievement of the council plan. In addition to this, of the 5 targets reviewed 1 was calculated incorrectly and 1 did not have the supporting figures available to verify the accuracy of the figure reported.

Findings and Recommendations

1. The four year Council Plan was approved in February 2015 for the period 2015 – 2019. The plan is reviewed and updated on an annual basis to take into account the latest community, demographic and performance data. The updated plan for 2017/18 was approved by full Council on 23rd February 2017.
2. The Plan has three priorities: -
 - To make Chesterfield a thriving borough (four objectives)
 - To improve the quality of life for local people (four objectives)
 - To provide value for money for services (one objective)
3. In 2016/17 56 key activities were identified to help deliver the Council Plan and meet its objectives. A progress report on the delivery of these objectives in June 2017 stated that 42 had been completed and that a further 10 were expected to be completed in the first half of 2017/18.
4. For a sample of 4 activities that was reported as being complete were reviewed. Evidence to support this green rating was extracted from Council minutes, CBC website and published policies. The activities evidenced as completed were: -

Activity	Evidence
Introducing a new Empty Homes Strategy – reflecting new legislative opportunities and in view of financial incentives currently available from central government.	Private sector empty homes strategy for 2016 – 2020 reported and approved by Cabinet 28/06/2016
Seeking funding to implement the Stand Road Bowls Pavilion project and for a children’s play area at Langer Lane.	Extract from CBC website – Play ground officially opened by Councillor T Gilby on 20/05/2017
Reviewing our Equality, Diversity and Social Inclusion Strategy.	The new Equality, Diversity and Social Inclusion Strategy approved by Council 26/04/2017
Achieve a balanced budget for 2016/17.	Report to Council 19/07/2017 on the general fund budget outturn for 2016/17 reported £100k revenue account surplus.

5. Within the Council there are two categories of performance measures. The initial set measures performance against the Council Plan which is not quantifiable in terms of measuring and assessing delivery. Consequently for these measures they can only be assessed in terms of if they are being achieved or not being achieved.
6. The second set (Performance Indicators) are more aligned with what were National Indications which are quantifiable and measurable.
7. From a review of the objectives and aims within the corporate plan it was clear that some performance indicators could be linked directly to them for example; CP03 – Number of business in the borough is linked to making Chesterfield a thriving borough. Data and results for approximately 242 performance indicators are collated by the Policy Department.
8. A number of these indicators relate to the PPP contract and are monitored via client officer meetings. Other direct financial PI's are reviewed by system audits undertaken by Internal Audit.
9. The update of the 2018/19 Council Plan stated that monitoring and challenging of core service indicators in addition to the Council Plan will be undertaken. Corporate Management team members have been requested to produce service plans of their service area and to identify what performance measures can be linked to the delivery of their service plans.
10. Managers have previously been requested by the Assistant Director of Policy and Communications to produce service plans however only a small number were returned.

Recommendations	
R1	The Assistant Director of Policy and Communications should inform CMT of which service areas have not produced service plans and enlist their help to ensure that these are being produced in a timely manner (Priority: High)
R2	It should be ensured that service plans contain performance indicators that can be directly linked to the achievement of the Council Plan (Priority: High)
R3	A Process of formally monitoring and reporting of service plan performance indicators should be established e.g. quarterly to CMT / Cabinet / Finance and Performance Board (Priority: High)
R4	Consideration be given to producing a “top 20” PI's list that shows transparency and focuses on the achievement of the Council Plan, which in turn should be reported to Members and Senior Leadership Team on a periodic basis. (Priority: Medium)

11. A progress report of the Council Plan (year 2 2016/17) was reported to Cabinet 50 27th June 2017. As part of this progress report 15 measures were developed to track the progress of the Council Plan delivery. A sample of 5 of these measures was reviewed to verify the accuracy of the results reported. These were: -

Measure	Results Reported
Number of business in the borough	3275
% Town centre shops occupied	92%
Number of green flags in the borough	5
Net new dwellings completed	132
Average market stall occupancy	54%

12. It was established that the actual number of net new dwellings was 123 however 132 was reported to Cabinet. This discrepancy was due to results being reported to the Policy department prior to the completion of the Housing Supply Position report (additional demolitions included).
13. The Average market stall occupancy was reported as 54%. From a review of statistics retained by the Markets department the annual average was calculated as 41.04% and a monthly average for March 2017 was calculated as 43.7%. This discrepancy was discussed with the Town Centre Operations Manager. It was highlighted that additional regular traders were included in the calculation such as advertisement pitches and catering pitches. These additional figures could not be verified as accurate due to statistics not being retained in a consistent format (e.g. market receipts, general receipts, proforma invoices).

Recommendation	
R5	It must be ensured that sufficient evidence is documented and retained by the reporting officer to support the PI result reported. It should be made clear that if results reported to Members are based on estimates/early figures then this should be highlighted when reported to Members (Priority: Medium)

14. It was confirmed that progress on the Council Plan is reported on a periodic basis to: -
- Finance and Performance Board
Cabinet
Full Council
Overview and Performance Scrutiny Forum
15. It was evidenced that if required Service Managers are requested to attend or comment on specific aims detailed in the Council Plan that are attributable to their service area.

Acknowledgement

16. The auditor would like to thank Assistant Director Policy and Communications and the Policy staff for their helpful assistance during the audit.

Internal Audit Consortium Opinion
Definitions

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

Internal Audit Report – Implementation Schedule

Report Title:	Performance Management / Corporate Targets	Report Date:	13 th April 2018
		Response Due By Date:	4 th May 2018

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
			Officer	Date			
R1	The Assistant Director of Policy and Communications should inform CMT of which service areas have not produced service plans and enlist their help to ensure that these are being produced in a timely manner.	High	Yes	DR	May 2018		
R2	It should be ensured that service plans contain performance indicators that can be directly linked to the achievement of the Council Plan	High	Yes	CMT (lead DR)	May 2018		
R3	A Process of formally monitoring and reporting of service plan performance indicators should be established e.g. quarterly to CMT / Cabinet / Finance and Performance Board	High	Partial	DR	May 2018	Partial	Suggest CMT and Finance and Performance Board quarterly. Overview and Scrutiny and Cabinet half yearly.
R4	Consideration be given to producing a “top 20” PI’s list that shows transparency and focuses on the achievement of the Council Plan, which in turn should be reported to Members and Senior Leadership Team on a periodic basis. (Priority: Medium)	Medium	Yes	CMT (Lead DR)	April 2019		To coincide with the delivery of the new Council Plan 2019 - 2023

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
			Officer	Date			
R5 It must be ensured that sufficient evidence is documented and retained by the reporting officer to support the PI result reported. It should be made clear that if results reported to Members are based on estimates/early figures then this should be highlighted when reported to Members	Medium	Yes	All collection officer (Lead DR)	May 2018			This will be implemented for 2018/19 reporting.

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:	D.M. Reddish	Date:	24.04.18
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