



HEREFORDSHIRE DISTRICT COUNCIL

HEREFORDSHIRE PUBLIC REALM

Summary Check Audit of HDC SPI Audit



CONTENTS

1.0	INTRODUCTION.....	2
	Commission Brief	2
	Documents Relied Upon	2
	Summary Audit Findings	3
2.0	AUDIT FINDINGS	5
	Outline	5
	Audit Findings	5

1.0 INTRODUCTION

COMMISSION BRIEF

- 1.1. HKA was engaged by Herefordshire District Council (“HDC”) to carry out a high-level, summary audit of its, HDC’s, own audit of the Specific Performance Indicators (“SPI”) provided for within a public realm maintenance contract with Balfour Beatty Living Places (“BBLP”). HKA understands that the Operations Board and Strategic Partnership Board agreed the 16 SPI which are reported against.
- 1.2. HKA provides this summary audit in respect of HDC’s audit, noted as being provided to BBLP on 30 October 2017.¹
- 1.3. Due to the high-level nature of this audit it is not deemed necessary to set out the details of the contract within this report. HKA’s commission is limited to two days of work, and is thereby constrained by this provision, as detailed further below.
- 1.4. The HDC audit sets out four items for review, as follows:
 - i) Each SPI definition has been correctly applied;
 - ii) The data source and data collection is accurate;
 - iii) Whether the calculation has been correctly applied and is correct; and
 - iv) Each SPI outcome is correctly reported in the monitoring report.
- 1.5. This summary audit predominantly addresses points i), iii) and iv) above. Where appropriate, and possible given the expertise of HKA and the set constraints, comments have been made in respect of point ii).

DOCUMENTS RELIED UPON

- 1.6. HKA has been issued with the following documents, upon which it has based this summary audit:
 - i) “SPI Summary Report 2013-2016 Updated for Audit Findings October 2017”;
 - ii) “SPI Audit 2016-17_LL_October17 RR”;
 - iii) “SPI Data Collection Report 2017-18”;
 - iv) “SPI Definition V2 – November 2016”;

¹ SPI Audit 2016-17_LL_October17 RR

- v) "Contract SPI's"; and
 - vi) "SPI Audit" (.zip file containing 20 folders and 126 files with the various data sets and other documents utilised by HDC and BBLP).
- 1.7. HKA has not been provided with the conditions of contract. Due to the limitations of time a full and detailed review of all documents received has not been carried out.

SUMMARY AUDIT FINDINGS

- 1.8. In large part the reporting by BBLP, and the audit conducted by HDC, correctly applies the SPI definition, calculation and ultimate scoring. There are a few, minor, corrections to be made, and a number of recommendations and/or check points suggested by HKA.

Corrections

- 1.9. SPI 6 – Footway Condition – The SPI defines this item is to be reported to no decimal places. This amends the reported performance from 25.9% to 26%, which has the effect of adjusting the score to 1, from 1.03. This reduces the overall score from 18.22 to 18.19.
- 1.10. SPI 8 – Third Party Claims Repudiation – On the data set provided by HDC, it appears the performance is 86% as opposed to 89.93%. This adjusts the score to 1.6 however this remains capped at 1.5. In the event the reported figure, 89.93%, is correct, the SPI defines this should be reported to no decimal places i.e. it changes to 90%. This would adjust the performance to 2 however, again, the capped score would remain at 1.5.

Comments and Recommendations

- 1.11. SPI 9 – Resilience to Flooding - The method of survey and scope of data collection is not identified. As such it is difficult to assess a measure of performance based only on identified properties. The register of areas impacted appears to list roads as opposed to distinct properties, therefore it may follow that more properties may be impacted along these identified roads. Without clear understanding of the parameters of the scope and basis for the inspections this measure may not be suitable for effective understanding and action by HDC. HKA advises the SPI is adjusted to clearly define the basis for measurement to ensure the recorded performance can be effectively utilised.
- 1.12. SPI 12 – CO₂ Reductions - HKA considers a query should be raised in respect of the level used for the baseline year (2014). The CO₂ level for this year is recorded as 81.94, significantly higher than 2013, 2015 and 2016. BBLP notes this level was not assessed on the same basis as that provided

for within the SPI. This could have the result of artificially skewing the result and undermining the robustness of the SPI measure as like is not being compared with like. HKA advises the baseline be reset to ensure self-delivered performance is compared on a standardised level.

- 1.13. SPI 13 – Reuse and Recycling - HKA notes the significant increase from 24% in 2013 to nearly 100% in 2016. HKA presumes this is due to the manner by which waste recycling and reuse is categorised. HKA advises HDC to check and verify the data collection. BBLP figures record only recycling, with no identification of reuse or energy to waste. In order to be fully compliant with the SPI, HKA recommends this categorisation be identified, or the SPI definition be adjusted to accommodate any limitations in reporting in line the relevant regulations.

2.0 AUDIT FINDINGS

OUTLINE

- 2.1. The following sections address HKA's summary findings on each of the 16 SPI utilised by HDC and BBLP in determining performance up to and including 2016/17. For the purposes of this summary audit, the parameters set out in the document "SPI Definition V2 – November 2016" have been taken as the agreed position between HDC and BBLP, and that they reflect the correct measure of performance required.
- 2.2. HKA has carried out this summary audit on the basis that the setting of thresholds, scoring process and capped scoring values have been agreed between HDC and BBLP. The audit is therefore limited to checking the application of the performance to this mechanism, where appropriate.

AUDIT FINDINGS

SPI 1 – Killed and Seriously Injured

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied.
Data source and data collection	HKA is not able to test the correctness or collection of the source data. HKA notes the correction from 100 to 99 as the correct count for 2016.
Calculation and application	From the data set seen, the calculation appears to be correctly carried out and applied.
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 2 – Principle Road Condition

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied.
Data source and data collection	The use of SCANNER appears to be correct, and the data collected in accordance with the SPI requirement.
Calculation and application	From the data set seen, the calculation appears to be correctly carried out and applied.
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 3 – Non-Principle (B) Road Condition

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied.
Data source and data collection	The use of SCANNER appears to be correct, and the data collected in accordance with the SPI requirement.
Calculation and application	From the data set seen, the calculation appears to be correctly carried out and applied.
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 4 – Non-Principle (C) Road Condition

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied.
Data source and data collection	The use of SCANNER appears to be correct. From the data seen, HKA notes the length of surveyed lanes appears to be approximately 50% of the network length i.e. the full length of the network, for both lanes and appears not to have been surveyed in accordance with the SPI. The lengths appear to be different to those reported by BBLP however the percentage of surveyed highway as “Plan maintenance soon” is 8%, in line with the recorded SPI performance.
Calculation and application	From the data set seen, the calculation appears to be correctly carried out and applied.
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 5 – Unclassified Road Condition

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied. The formula within the SPI definition appears to be incorrect as it applies to a condition indicator (CI) of 100, as opposed to those used (85, 50 & 60).
Data source and data collection	HKA is not able to test the correctness or collection of the source data.
Calculation and application	From the data set seen, the calculation appears to be correctly carried out and applied.
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 6 – Footway Network

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied.
Data source and data collection	HKA is not able to test the correctness or collection of the source data. HKA notes the "Measure date" is noted as September however the data is noted as being to the period of March 2018. It is not clear whether this would have any implication upon the reported performance.
Calculation and application	From the data set seen, the calculation appears to be correctly carried out and applied.
SPI outcome in monitoring report	The SPI states the finding is to be noted to no decimal places. This amends the performance to 26%, which amends the score to 1.

SPI 7 – Bridge Condition

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied.
Data source and data collection	HKA is not able to test the correctness or collection of the source data.
Calculation and application	From the data set seen, the calculation appears to be correctly carried out and applied.
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 8 – Third Party Claims Repudiation

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied. HKA notes the formula has the denominator and numerator are the wrong way round, however this does not appear to have carried through to the calculation.
Data source and data collection	HKA is not able to test the correctness or collection of the source data. HKA notes the “Measure date” is noted as April as opposed to January within the SPI definition. It is not clear whether this would have any implication upon the reported performance.
Calculation and application	From the data set seen, the calculation appears to be incorrect. From the documents seen within “SPI Audit” the figures are as follows: Total number of claims = 214 Total number settled = 10 Total number NMI = 20 Total number repudiated = 184. Using these numbers, the resulting performance would be 86%.
SPI outcome in monitoring report	On the basis of the performance being 86%, the resulting score would be 1.6, which results in the capped score remaining at 1.5. On the basis of the performance as reported, this would result in a value of 90%, as the SPI defines that no decimal places are to be used. The resultant score would be 2 which, again, would remain to be capped at 1.5.

SPI 9 – Resilience to Flooding

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied.
Data source and data collection	HKA is not able to test the correctness or collection of the source data. HKA notes the “Measure date” is noted as April as opposed to January within the SPI definition. It is not clear whether this would have any implication upon the reported performance. The method of survey and scope of data collection is not identified. As such it is difficult to assess a measure of performance based only on identified properties. The register of areas impacted appears to list roads as opposed to distinct properties, therefore it may follow that more properties may be impacted along these identified roads. Without clear understanding of the parameters of the scope and basis for the inspections this measure may not be suitable for effective understanding and action by HDC. HKA advises the SPI is adjusted to clearly define the basis for measurement to ensure the recorded performance can be effectively utilised.
Calculation and application	From the data set seen, the calculation appears to be correct
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 10 – Skills & Employability

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied. Schedule 2, Part IV has not been reviewed. This summary audit presumes the provisions within have been correctly interpreted and applied.
Data source and data collection	HKA is not able to test the correctness or collection of the source data.
Calculation and application	From the data set seen, the calculation appears to be correct
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 11 – Local Spend

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied.
Data source and data collection	HKA is not able to test the correctness or collection of the source data. No data has been provided in respect of salary figures.
Calculation and application	From the data set seen, the calculation appears to be correct
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 12 – CO₂ Reductions

Point of Audit	HKA Comment
Application of the SPI definition	HKA understands the measurement to be assessed from baseline year (2014) however the formula is for year-on-year assessment. The measurement basis for the baseline year is not the same as that for the assessment year (2016) – see below.
Data source and data collection	HKA is not able to test the correctness or collection of the source data. HKA considers a query should be raised in respect of the level used for the baseline year (2014). The CO ₂ level for this year is recorded as 81.94, significantly higher than 2013, 2015 and 2016. BBLP notes this level was not assessed on the same basis as that provided for within the SPI. This could have the result of artificially skewing the result and undermining the robustness of the SPI measure as like is not being compared with like. HKA advises the baseline be reset to ensure self-delivered performance is compared on a standardised level.
Calculation and application	Notwithstanding the points raised above regarding the appropriateness of the baseline year calculation, using the data set provided the calculation appears to be correctly applied.
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 13 – Reuse and Recycling

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied.
Data source and data collection	HKA is not able to test the correctness or collection of the source data. HKA notes the significant increase from 24% in 2013 to nearly 100% in 2016. HKA presumes this is due to the manner by which waste recycling and reuse is categorised. HKA advises HDC to check and verify the data collection. BBLP figures record only recycling, with no identification of reuse or energy to waste. In order to be fully compliant with the SPI, HKA recommends these categorisations be identified, or the SPI definition be adjusted to accommodate any limitations in reporting in line the relevant regulations.
Calculation and application	Using the data set provided the calculation appears to be correctly applied.
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 14 – Community Projects

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied.
Data source and data collection	HKA is not able to test the correctness or collection of the source data.
Calculation and application	Using the data set provided the calculation appears to be correctly applied.
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 15 – Customer Satisfaction

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied.
Data source and data collection	HKA is not able to test the correctness or collection of the source data.
Calculation and application	Using the data set provided the calculation appears to be correctly applied.
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.

SPI 16 – Continuous Improvement

Point of Audit	HKA Comment
Application of the SPI definition	This SPI definition appears to be correctly applied. HKA notes that, within the SPI definition, the upper and lower thresholds appear to be the wrong way round, however this has been corrected by BBLP in its assessment.
Data source and data collection	HKA is not able to test the correctness or collection of the source data.
Calculation and application	Using the data set provided the calculation appears to be correctly applied. The correct baseline value appears to have been used.
SPI outcome in monitoring report	The assessed performance has been correctly applied to the formula in the monitoring report.