

AUDIT COMMISSION - DELIVERING COMPREHENSIVE PERFORMANCE ASSESSMENT – A CONSULTATION DRAFT

1 PURPOSE

- 1.1 This report brings to Members' attention the consultation paper produced by the Audit Commission outlining the draft methodology in relation to comprehensive performance assessment, which it is envisaged will start to impact on all District Councils from Autumn 2002. Comments on the consultation draft are requested by 26th April.

2 INTRODUCTION

- 2.1 The Audit Commission has been tasked by Central Government to develop and introduce a system for the Comprehensive Performance Assessment of all Local Authorities. This follows on from the Government's announcement in the White Paper on Local Government – "Strong Local Leadership – Quality Public Services" that a system of performance assessment would be introduced for County Councils, Unitaries, and Metropolitan Authorities from 2002 and for District Councils from 2003.
- 2.2 The consultation paper now produced sets out the Audit Commission's approach to this task. At this stage however, the consultation paper focuses on and gives examples in relation to single tier and County Councils, rather than making specific reference to its implications for Districts.

3 DETAILED CONSIDERATIONS

General Guidance

- 3.1 In summary, the Audit Commission outline an approach based on 5 elements:-
- i) the gathering together of quantitative performance assessments already in the public domain, including inspection scores from various inspectorates, scored audit judgements, performance

indicators and government office assessments of various service plans;

- ii) targeted work to plug gaps in service knowledge in order to ensure that the outcomes of the Comprehensive Performance Assessment (CPA) are based on a full understanding of local government service performance;
- iii) an assessment of the corporate capacity of individual councils to plan, deliver and continuously improve the performance of local services;
- iv) the development of a data model which combines the above information in an objective and rigorous yet transparent way; and
- v) action planning by authorities and external regulation to support delivery of improvement following CPA.

3.2 In essence, the CPA will look at performance information across a number of service areas, such as:

- Education
- Social Care
- Benefits
- Housing
- Environment
- Culture
- Fire

3.2 Only those relating to Benefits, Housing, Environment and Culture appear relevant in a District Council context. This information will be reinforced by the addition of an assessment of the overall corporate capacity of the council, which will also be scored.

3.4 In more detail, the Audit Commission outline that the CPA will be a judgement based on performance information that is already produced from a variety of sources – inspections from the Benefits Fraud Inspectorate and the Audit Commission, as well as performance indicators, marked plans and audit evaluation. However, the CPA will be the first time that all this information is brought together and used to

make a judgement about the overall performance of a Council based upon one of the following categories:-

- High
- Striving
- Coasting
- Poor

- 3.5 At a national level the outcome of the CPA will be used to provide the platform for a more co-ordinated programme of inspection and regulation across the agencies that exist.
- 3.6 The new corporate assessment element is in response to the White Paper's acknowledgement that, while much information now exists about service performance, it is often the management of corporate activity that can determine the success or failure of the way services are provided to local people. For this reason, the Commission will be introducing a new process that will make this judgement.
- 3.7 The assessment will look at councils' capacity to identify local priorities and then direct resources and management capability to services that matter for people in the community. A key part of the work will be to understand councils' capacity to improve, based on a proven track record of successful change management. This element is important to ensure that councils have managed and resources plans that continually seek to deliver the best for local people, within the resources that exist.

Corporate Assessment

- 3.8 In relation to the Corporate assessment the Audit Commission will seek to answer four fundamental questions in each authority:-
- What are you trying to achieve?
 - How have you set about doing it?
 - What have you achieved or not achieved>?
 - What do you plan to do next?
- 3.9 In answering these four questions, the corporate assessment will look at:-

- Political and managerial leadership
- Ambition and priorities
- Community focus
- Capacity and systems
- Roles and responsibilities
- Risk management and financial control
- Corporate support for service delivery
- Standards of conduct

3.10 There will be a significant focus on the council's capacity to do better evidenced by their proven capacity for improvement. This will be tested by a consideration of the following four critical success factors:-

- i) Ownership of problems and willingness to change
- ii) Sustained focus on what matters
- iii) Capacity and systems to deliver
- iv) Best Value as the day to day management framework

These are outlined in more detail in Appendix 1.

3.11 The Audit Commission will bring together specialists teams to complete the corporate assessment and will use its most experienced staff from the Audit Commission's inspection, audit and research arms to lead these teams. They will be joined by an experienced inspector and auditor. In addition, the Commission are working with the Improvement Development Agency to second serving chief officers and recruit councillors to provide a peer review function, with at least one peer per team. Representatives from other inspectorates will also manage and be part of the team as required, as will other specialists that might be needed to support the analysis of a particular issue that has been identified from the initial evidence gathering process.

3.12 Self-assessment will start the corporate assessment and will be a key influence in shaping the focus, scope and scale of the inspection date. The purpose of self assessment in this context is:-

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- To understand the council's own view about the services they provide for customers, the quality of corporate arrangements that exist to deliver them and the proven capacity that exists for improvement.
 - To act as a tool to judge self-awareness – how do the council see themselves compared to the performance information that exists.
 - To understand how well local needs and priorities are recognised, planned for and delivered to meet customer requirements.
 - To provide the basis of discussion about how the CPA proceeds, the approach that will be taken and to develop thinking about the nature of the agreed action plan.
 - To provide external challenge to the council through the use of existing evidence on performance and improvement.
- 3.13 The self assessment will need to be signed off by both the Leader and Chief Executive. The response will also need to be approved by the most appropriate public forum within the council, in recognition of the status that the submission should have within the authority as the start of the CPA process.
- 3.14 The Audit Commission will use existing evidence about the council, together with the self assessment feedback, to form an initial impression and scope for the inspection. The Commission will convene a round table conference with the council to share these impressions, discuss areas of difference and agree an approach to reach the corporate assessment score. The Commission advise that it will be proportionate in its approach wherever possible, scaling involvement in line with the weight of evidence and agreement that exists. Partners from other inspectorates may also be involved in this meeting.
- 3.15 Most councils will receive a corporate inspection which will last no more than two weeks on site. This period will be used to gather all the evidence needed to form a judgement about the authority through a series of reality checks. At the end of this period the team will form a judgement about the council's corporate capacity to improve.
- 3.16 The Audit Commission will report back to a council providing the authority with an overall score as well as any recommendations that it thinks are important. This score is for the corporate assessment, not the overall CPA judgement. The Commission will then provide an opportunity for a council to feed back to it before the report is published.

- 3.17 The score will then be fed into the numerical model and combined with service inspection scores, performance indicators, and auditor analysis to reach the overall judgement.
- 3.18 The commission will use the questions outlined in Appendix 2 as the general guide to reaching its judgement in relation to corporate assessment. Each key question will be given a score between 1 and 4, representing the following scale, which measures the strength of the council's performance on this question:-
1. Very weak: few or no identifiable strengths
 2. Fairly weak: some strengths, but on balance these are outweighed by weaknesses
 3. Fairly strong: some weaknesses, but on balance these are outweighed by strengths
 4. Very strong : few or no identifiable weaknesses.

Service Assessment

- 3.19 For service assessments, the Audit Commission will use performance indicators, inspection scores, audit information and marked government plans to produce an overall score for each service area. This rating will also be reported to local people.
- 3.20 The general approach to service assessment that will be adopted is as follows:
- service sub-blocks will be determined for each sector – for example, in environment, those service sub-blocks will be transport, waste management, and planning;
 - the key aspects and judgement criteria for each service sub-block will be set out. These will be based on existing national standards and accepted good practice. They will be updated in the light of the work by the Central Local Partnership on a set of national standards for local government;
 - quantitative measures of these key aspects will be identified where they exist. These include performance indicators, and scores from government plan assessments and inspection;
 - proven capacity to improve will be a combined measure of proven improvement (principally based on evidence from performance

indicators) and prospects for improvement (principally measured through inspection).

- 3.21 Decisions will have to be taken about what services should be inspected. The proposed basis for deciding this is as follows:-
- where there is a best value review (BVR) which is judged to have covered a sufficient element of a service sub-block, and this has been inspected, then no further inspection will be required;
 - where there is a BVR, but it has not been inspected, an inspection of the service covered by it should take place;
 - where there is no BVR in a relevant service then an inspection will need to be undertaken of a service sub-block that has not been reviewed.

An example of the criteria to be used in assessing a service, in this case environmental and planning services, is outlined in Appendix 3.

Completion of the CPA

- 3.22 Once an assessment has been completed, a principal consequence will be the development of our action plan or plans by the council in response to the assessment. The outcome of CPA and self-assessment will be used by authorities to help determine improvement activity included in their BVPPs. It will also be a key element in the determination of the programme of audit and inspection, linked to the BVPP.
- 3.23 For high performing authorities the judgement is likely to identify a streamlined regulatory framework with reduced costs to the councils. Poorly performing and coasting councils will have to negotiate their action plans with the Audit Commission and its appointed auditors to ensure that inspection and audit supports a programme of action or intervention to raise performance and meet specific targets.

4 OFFICER COMMENT

- 4.1 The Comprehensive Performance Assessment now being developed and applied to Local Authorities represents an extension of the Best Value regime. Whilst its aim is to secure continuous improvement across local government, the methodology proposed is still lacking in details and is still being tested. There must therefore be concern as to its workability, application and objectivity, particularly given the proposed timeframe for its implementation. It is extremely difficult to

see how all the reviews and assessments can be properly resourced and completed within the timeframe set out.

- 4.2 It is clear from the way that the Audit Commission appear to be developing its model that it reinforces the impression that Central Government regards local authorities as merely an administrative arm responsible for delivering the national agenda rather than as local government in its own right, with its own local differences, priorities and agenda. The impression is reinforced by repeated references to government policies, standards, priorities and regulation and by the way the evaluation process is lining up with the Government funding initiatives and inspection regime. Under the suggested regime, a local council may have a well researched and thought through local policy mix which has been tested through the ballot box and yet it still fails to score highly on many of the corporate policy framework criteria.
- 4.3 The lack of reference/testing on District Councils is extremely worrying. Looking at the parameters and criteria as set out, it is clear that if the current methodology is applied to District Councils, on resource and capacity grounds alone, the majority of Districts will find themselves in the “coasting” or “poor performing” categories. This has been a frustration with the current Best Value regime where the assumption appears to be that because Districts tend to be small, with only a limited resource base, the capacity for change is minimal.
- 4.4 There is no doubt that the result of the CPA will impact on what a council can and cannot do and future expenditure on audit and inspection fees. There is concern as to whether the process will actually meet local concerns and priorities, will result in improvements valued by the local community, and represents value for money.
- 4.5 Despite the length of the publication there is insufficient detail to enable a full assessment of the scheme and its implications from a District Council perspective, but nonetheless, the following are considered to be particularly pertinent comments on the detail which is given:-
- The assessment of an authority on the basis of PI comparisons and inspection judgements on service reviews, will tend to reinforce historical ratings, as opposed to evaluating current performance.
 - In the event that the model takes a broad look at the four services managed by a District Council (benefits, environment, housing and culture) existing reviews may not provide sufficient evidence.

- Evidence will be gathered where a service review has not been undertaken or, presumably, where the review has not been sufficiently broad. The depth of this has not been identified but it will, inevitably, tie up additional resources.
 - The model rates the service on a scale of 1-4 on two axes. It is unclear how the authority will be rated where the performance of the various services, within the area under review, varies.
 - The weightings of any 'numerical' model will need careful validation. Where a District Council is being assessed on only four of the seven factors, incorrect weightings could distort the overall rating.
 - It is the calculation from the numerical model that is objective rather than the assessment of the information itself and to portray otherwise is misleading.
 - Those services that are performing and striving to do better may be restricted by an authority's overall rating.
 - There is no clear guidance on what represents 'coasting', as opposed to 'striving'.
 - There is no regard taken of the financial 'wealth' of the authority.
- 4.6 Despite the many concerns outlined above, it is apparent that the CPA inspection regime will be upon the Authority in a very short time period. The Finance & Procedures Overview & Scrutiny Committee has already agreed to a more detailed examination of the implications of the Local Government White Paper within their work programme and the intention is to focus most of this work around the implications of CPA for Rochford and to commence the self-assessment part of the corporate assessment.

5 RESOURCE IMPLICATIONS

- 5.1 Whilst the Council has already increased its resources to take on board the processes and procedures arising out of the Best Value regime, it is nonetheless likely that considerable Member and officer input will be required as the CPA regime is introduced and developed.

6 LEGAL IMPLICATIONS

- 6.1 The CPA is a key part of the Government White Paper on local government and is an extension of the Best Value Regime as outlined in the Local Government Act 1999.

7 RECOMMENDATION

- 7.1 It is proposed that Council resolves to adopt the comments contained in Section 4 as the Council's response to the Audit Commission's Consultation Paper, subject to any further observations by Members.

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APPENDIX 1

SECTION TWO ANNEX A

The building blocks

<p>1. OWNERSHIP OF PROBLEMS AND WILINGNESS TO CHANGE</p> <p>Members and top managers committed to continuous improvement.</p> <p>Willing to take (and stick to) tough decisions, tackle difficult problems.</p> <p>Welcome external and internal challenges, open about their performance and problems.</p>
<p>2. A SUSTAINED FOCUS ON WHAT MATTERS</p> <p>Clear and consistent priorities to drive performance.</p> <p>Know what matters most to local people.</p> <p>Concentrate efforts in proportion to priorities.</p> <p>Focus on achieving impact in priority areas.</p>
<p>3. THE CAPACITY AND SYSTEMS TO DELIVER PERFORMANCE AND IMPROVEMENT</p> <p>Sound performance management systems at the heart of financial and policy planning.</p> <p>Clear lines of accountability for action.</p> <p>Able to move people and money to tackle the most important problems facing the council and local people.</p> <p>The skills to build effective partnerships with other organisations to meet shared objectives.</p>
<p>4. INTEGRATE BEST VALUE INTO DAY-TO-DAY MANAGEMENT</p> <p>Improvement is seen as the day job.</p> <p>Best Value is integrated with other council performance management processes -- not treated as an add-on.</p>

APPENDIX 2

SECTION SEVEN ANNEX A

Key questions and issues for corporate assessment

1. WHAT IS THE COUNCIL TRYING TO ACHIEVE?
Methodology Focus
<ul style="list-style-type: none"> Clear Ambition A focus on communities and services Ownership of problems and willingness to change A shared and realistic vision A sustained focus on what matters
Key Questions
<ul style="list-style-type: none"> What are the Council's priorities? What are not the Council's priorities? How and why has the Council set these priorities? How does the Council know that its priorities reflect national priorities as well as the priorities of its communities and service users? How has the Council made resource shifts to match its priorities? How does the Council stay focused on what matters?

2. HOW HAS THE COUNCIL SET ABOUT DELIVERING ITS PRIORITIES?
Methodology Focus
<ul style="list-style-type: none"> Capacity and systems to deliver performance and improvement Defined roles and responsibilities and accountabilities Delivery through partnership Modern structures and processes Strong financial management Resources follow priorities
Key Questions
<ul style="list-style-type: none"> Does the Council have the capacity and skills it needs to achieve change? Does the Council use partnerships to deliver complex priorities? Are officers/members clear about what they are responsible and accountable for? Do members/managers know enough about what's going on inside and outside the Council to take the right decisions? Do staff know what is expected of them, do managers know if they are achieving it? How does the Council ensure that it is making its resources work in the best way to deliver results?

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3. WHAT HAS THE COUNCIL ACHIEVED/NOT ACHIEVED TO DATE?
<p>Methodology Focus</p> <p>Performance Information Capacity and systems to deliver performance and improvement Risk managed appropriately Open to external challenge</p>
<p>Key Questions</p> <p>What are your key success or failures in delivering a sense of well being for your community? What is improving and why? What is not improving and why? Are these improvements in line with priorities? Would communities and service users recognise improvements? What enabling blocks has the Council successfully put in place which will enable future improvement? Has the Council been competent in managing risk through periods of change? Does the Council have a track record of opening itself up to external challenge? How do you know that your communities have recognised this change?</p>

4. IN THE LIGHT OF WHAT THE COUNCIL HAVE LEARNED TO DATE, WHAT DOES IT PLAN TO DO NEXT?
<p>Methodology Focus</p> <p>Owning of problems and willingness to change Improvement integrated into day to day management Flexibility and innovation A sustained focus on what matters Capacity and systems to continue to deliver performance and improvement</p>
<p>Key Questions</p> <p>What has the Council done successfully? What are the problems the Council still faces? How is the Council responding to these problems to reach solutions? What are the barriers the Council needs to overcome? What is the Council doing about failures to improve? How is the Council addressing areas where it has not achieved what it wanted to? How will the Council ensure it does achieve these things in future? How will the Council ensure that it has the capacity to identify, implement and maintain further improvements?</p>

APPENDIX 3

SECTION TWO ANNEX D

Draft service features for environmental services

How good are environment services and what is their proven capacity for improvement?

PLANNING		How good is this service?
KEY ASPECT 1	Planning for improvement in the local quality of life	
Criteria for judgement	The clarity, realism and timeliness of the aims and proposals in the Development Plan The match between aims and proposals and community needs and priorities, including cross-cutting agendas such as sustainability The quality of results achieved through the implementation of the Development Plan The contribution of the council's development control and enforcement work to the delivery of the plan	
KEY ASPECT 2	Providing efficient and high quality customer service	
Criteria for judgement	The quality of decision-making in development control The efficiency of the development control service and the avoidance of unnecessary delay in the determination of planning applications The clarity, adequacy and timeliness of information provided to people using planning services The level of customer satisfaction amongst applicants, agents, consultees and objectors	
KEY ASPECT 3	Making fair planning decisions in a transparent way	
Criteria for judgement	The degree of dialogue with planning applicants and others involved in the decision-making process The clarity of reasoning provided with decisions on planning applications The level of consistency in the application of planning legislation and procedures	

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TRANSPORT	
KEY ASPECT 2	Providing safe, convenient and well-maintained roads and footways
Criteria for judgement	<p>The standard of maintenance of roads and footways and the level of customer service to those affected by works</p> <p>The effectiveness of parking management and enforcement, the quality of customer service and the link to wider policies including traffic restraint</p> <p>The effectiveness of initiatives to improve safety for all road users</p> <p>The safe use of roads and footways for all users</p>
KEY ASPECT 3	Improving public transport
Criteria for judgement	<p>The effectiveness of partnerships to coordinate and deliver public transport services</p> <p>The level of public transport patronage and passenger satisfaction</p> <p>The availability of accurate information on public transport services</p> <p>The planning and implementation of improved public transport interchanges, where required</p>
KEY ASPECT 4	Cutting vehicle pollution
Criteria for judgement	<p>The effectiveness of the strategy to reduce the adverse environmental impact of traffic</p> <p>The effectiveness of local air quality management in sensitive areas</p>

ENVIRONMENT	
BUILDING BLOCK 1	Proven capacity for improvement
Criteria for judgement	<p>Ownership of problems and willingness to change</p> <p>Evidence of Member, managerial and financial commitment to continuous improvement in the local quality of life</p> <p>The level of willingness to take (and seek to) tough decisions on service delivery within a robust, sustainable framework</p> <p>The extent to which the council welcomes external and internal challenge and is open about their performance</p> <p>Investment in education and prevention programmes to improve the quality of life in the medium and long term</p>

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ENVIRONMENT	
BUILDING BLOCK 2	A sustained focus on what matters
Criteria for judgement	<p>The clarity and consistency of priorities and policies in the Development Plan, the LTP, the MWMS and the WLP*</p> <p>The fit between service delivery priorities, national and regional goals and what matters to local people (expressed in the community strategy)</p> <p>The extent to which action is in proportion to priorities in action plans and programmes as defined in the LTP, MWMS and service plans</p> <p>The extent to which resources are targeted on service delivery priorities and programmes</p>
BUILDING BLOCK 3	The capacity and systems to deliver performance and improvement
Criteria for judgement	<p>The quality of performance management and monitoring systems, including published standards, targets and indicators to measure delivery</p> <p>Recent track record on environmental BVMs and other local indicators, as well as against environmental performance targets</p> <p>The clarity of lines of accountability for action and the capacity to direct resources to tackle defined local priorities</p> <p>Quality of dialogue with the local community – and of customer feedback – and the extent to which these are used to drive service improvement</p> <p>Evidence of effective partnerships to deliver the goals of the Development Plan, the LTP, the MWMS and the WLP*</p>
BUILDING BLOCK 4	The integration of continuous improvement into day-to-day management
Criteria for judgement	<p>The extent of the focus on improvement in day-to-day operations within environmental services</p> <p>The extent to which a focus on continuing improvement is an integral part of performance management processes – not treated as an add-on</p>
<p>*LTP - Local Transport Plan; MWMS - Municipal Waste Management Strategy; WLP - Waste Local Plan</p>	