



## **Report to Cabinet**

**Subject**      Comprehensive Performance Assessment (CPA) Update

**Date**         7 December 2006

**Author**       Head of Cabinet Office on behalf of Senior Management Team

### **1. Purpose of the Report**

- § To update members on recent developments with regard to CPA, including recently announced revised arrangements for district councils.
- § To seek member endorsement for an updated corporate Improvement Plan, drawing on the findings of the 2006 CPA Use of Resources Assessment and the CPA Corporate Assessment Pilot.
- § To outline arrangements for district councils to seek reclassification under these new CPA arrangements and seek members' support for an application for reclassification during 2007.

### **2. Overview of CPA progress**

#### **2.1 - Developments since 2003**

The Council was assessed as a good authority after its first CPA corporate assessment in 2003. Since then, the Council has substantially delivered an Improvement Plan derived from that CPA assessment's findings. It has also made other improvements to service delivery and partnership working.

Nationally, arrangements for CPA have changed significantly during the intervening period, particularly for upper tier and unitary councils.

Those changes include the introduction of an annual Use of Resources assessment (incorporating a value-for-money self-assessment) and a Direction of Travel statement for all councils. The Council did well in the first of each of these assessments, scoring 3 out of 4 (performing well) for Use of Resources. The Council has since submitted an updated Value-for-Money self-assessment

for reconsideration by the Audit Commission, reflecting improvements made over the past year. This will feed into the 2006 Use of Resources assessment.

During 2005/06, the Audit Commission specifically considered its approach to future CPA for district councils. As part of this work, it piloted a number of approaches to the corporate assessment strand with a limited number of districts across the country. This council took part in that pilot exercise, being assessed against one of the trial sets of Key Lines of Enquiry (KLoE) in January 2006.

Most recently, the Local Government White Paper has confirmed that CPA will be replaced from April 2009 by a new regime, to be known as Comprehensive Area Assessment, which will be risk focused and consider performance of all public services in a given area. The White Paper also indicates that annual Direction of Travel and Use of Resources assessments will continue for all local authorities. This is in line with the direction set out in recent Audit Commission consultation on the future of assessment of local services beyond 2008.

## **2.2 - New arrangements for District Councils CPA**

The Audit Commission announced details of its new approach to CPA for district councils from 2006 to the end of 2008 (after which Comprehensive Area Assessment is likely to supercede these arrangements) on 31 July 2006 drawing on the pilot activity highlighted above.

The principles underlying the new approach substantially reflect those put forward in consultation in late 2005 (as reported to Cabinet 3 November 2005).

Those principles are that district CPA must: -

- Continue to encourage improvement;
- Be seen from the perspective of service users;
- Provide value for money for taxpayers;
- Be targeted and risk based; and
- Be delivered in partnership with others.

In addition, the new framework should: -

- Build on the previous round of CPA of district councils but be much less intensive both in terms of audit and inspection activity and the impact on the capacity of district councils;
- Be affordable, both in terms of the level of central government grant and fees paid by councils and in terms of the impact on councils' own internal capacity; and
- Include appropriate involvement of other organisations supporting improvement including the use of council peers in assessment activity.

All district councils will continue to have an annual Use of Resources assessment and Direction of Travel assessment. The Commission will also continue to monitor service performance, against a specified set of performance indicators.

Districts will not routinely be subject to corporate reassessment (the full re-inspection that may lead to a change in category). Re-categorisation will only be considered in two sets of circumstances:

- Where a council can demonstrate significant improvements in performance since its original corporate assessment it may ask to be reassessed.
- Where a council's performance is deteriorating significantly the Commission itself may choose to reassess that council.

These reassessments will take place between 2007 and 2009.

Where a corporate reassessment does take place, it will be against five, rather than ten themes under the original CPA framework. These are: -

- Ambition for the community
- Prioritisation
- Capacity
- Performance management
- Achievement and improvement

A new set of Key Lines of Enquiry will be used, based on these themes.

The Commission has also set out details of how it will consider whether a council should be subject of a corporate reassessment and the timetable for such assessments.

Full details, including all relevant documents, are available on the Audit Commission's website <http://www.audit-commission.gov.uk/cpa/districts>

### **2.3 - Arrangements for corporate reassessment**

The Commission is inviting councils who wish to be considered for reassessment to make submissions to support their case. A number of submission dates are offered (1 February, 1 June, 1 October in both 2007 and 2008).

Submissions need to take the form of a brief statement of improvements made since the last CPA assessment, signposting supporting evidence. Councils are advised to work closely with their Relationship Managers in considering whether to make a submission.

Submissions will be considered by regionally co-ordinated panels, alongside service performance information (since 2002/03), Use of Resources assessments and Direction of Travel statements. Councils may also submit other evidence of improvement such as “robust” local PIs.

In deciding whether or not to carry out a new corporate assessment, panels will examine the evidence to consider:

- The extent of improvement – what proportion of the PI set are improving.
- The strength of improvement – whether improvement at individual PI level is significant or better than expected.
- The areas of improvement – whether improvement is in previously weak areas or areas of local priority.

The panel will come to a decision on whether there will be a reassessment within six weeks. Councils will then have at least three months’ notice of that reassessment, during which time they will need to submit a full self-assessment against the new Key Lines of Enquiry.

### **3. GBC Improvement Plan arising from recent inspection activity**

In both its Use of Resources and pilot CPA reports, the Audit Commission made recommendations on areas for further improvement for the Council.

Those arising from the Use of Resources might allow the Council to move to the next level in each Use of Resources category if implemented, while those derived from the pilot exercise might help target improvement to give the Council a better chance of securing an excellent rating in any future CPA reassessment.

The recommendations have been considered by Senior Management Team and a range of improvement actions have been agreed as a result.

These actions have now been drawn together in an updated Improvement Plan, attached at **Appendix A** for members’ endorsement. Members will note that good progress has already been made against many of these actions.

Given member endorsement, these tasks will be incorporated in the relevant departmental service plans and progress towards them will be monitored through the Council’s established performance management process.

### **4. Gedling’s position on corporate reassessment**

The Council aspires to excellence. CPA remains the route through which these aspirations can be externally accredited.

Senior Management Team therefore believes that the Council should seek a CPA reassessment at an appropriate time.

Initial thoughts are that reassessment should be sought in summer 2007, which would result in a corporate reassessment in autumn 2007 if the regional panel accepts the Council's case. This would allow time for improvements highlighted in (3) above to be implemented and would avoid corporate reassessment immediately after the May election, at which time a range of other statutory tasks have to be completed stretching available capacity.

Initial exploratory discussions on the issue are due to be held with the Council's Relationship Manager in late November. Any issues arising from this discussion will be reported verbally to this meeting.

## **5. Resource Implications**

Workload arising from delivery of the Improvement Plan can be managed from within existing resources. In considering improvements suggested by auditors and inspectors, managers have ensured that the improvements adopted will add value to the Council's work and this is reflected in the Improvement Plan proposed.

Workload associated with a corporate reassessment is expected to be accommodated from within existing resources, though timing will be important as outlined above.

## **6. Recommendations**

Cabinet is recommended to: -

- Endorse the updated Improvement Plan attached at Appendix A.
- Support the submission of a bid for CPA corporate reassessment during 2007.

## Appendix A

### Corporate Improvement Plan – Autumn 2006

Improvement Task	Source	Lead Officer	Target date	Progress @ Nov 06
Deliver agreed improvements to financial reporting, management and standing and internal control in line with areas for improvement suggested in Use of Resources assessment (see Annex 1)	Use of Resources assessment	Head of Finance	All agreed improvements completed by March 2007	Progress made against all agreed actions
Deliver agreed improvements to value-for-money in line with areas for improvement suggested in Use of Resources assessment (see Annex 1)	Use of Resources assessment	Various	All agreed improvements completed by end 2006	All completed or in place, as set out in VfM self-assessment update, submitted to Audit Commission Sept 06
Clarify and progress organisational vision	CPA pilot study	Chief Executive	Vision agreed by end 2006	Item included on agenda of this meeting, for submission to Council 13 December
Ensure all services are addressing equality issues and that equality objectives are integrated into service plans	CPA pilot report	Head of Personnel and Organisational Development	By end 2006	Equalities objectives developed in all departments and being monitored through Senior Management Team
Ensure that diversity, user focus and human rights are reflected in future customer service strategy and customer relations delivery	CPA pilot report	Deputy Chief Executive	As these strategies are developed	Issues are being considered as part of the work of Customer Focus and Equalities Working Groups
Ensure Equality Impact Assessments are carried when new services and policies are developed	CPA pilot report	All managers (co-ordinated by Head of Personnel and Organisational Development)	Autumn 2006	Training for managers delivered and assessments being carried out

<b>Improvement Task</b>	<b>Source</b>	<b>Lead Officer</b>	<b>Target date</b>	<b>Progress @ Nov 06</b>
Clarify overview and scrutiny roles to ensure robust challenge to policy development, decision making and management.	CPA pilot report	Head of Personnel and Organisational Development	May 2007	Report on overview and scrutiny roles published and agreement reached on establishment of Performance Management Group. May require further consideration in the light of Local Government White Paper.
Update Human Resources Strategies including those for Discipline, Grievance and Probation, and develop Capability strategy	CPA pilot report	Head of Personnel and Organisational Development	End Oct 2006	Reported to and agreed by P&R Committee 30 Oct 06
Complete development of Human Resources Strategy	CPA pilot report	Head of Personnel and Organisational Development	June 2006	Reported to and agreed by P&R Committee June 06
Complete development of Workforce Development Strategy and progress Workforce Development Plan arising from this	CPA pilot report	Head of Personnel and Organisational Development	Spring 2006	Strategy agreed by P&R Committee April 2006. Development Plan to be progressed to reflect issues raised in Council vision document
Begin programme of Human Rights training for key managers	CPA pilot report	Head of Legal and Democratic Services	April 2006	Programme started April 06 – delivery ongoing
Improve member development, to include recruitment of Members Support Officer, improved members communication, improved induction for new members and improved member training records	CPA pilot report	Head of Legal and Democratic Services	Various	Members Support Officer in place summer 06 and improved communications now established. Work in progress to address remaining issues, and further options will be considered as appropriate.

Improvement Task	Source	Lead Officer	Target date	Progress @ Nov 06
<p>Further develop performance management arrangements to include: -</p> <ul style="list-style-type: none"> <li>• Introduction and development of Gedling Partnership performance management framework, ensure links with LAA, between outcomes and performance measures, with GBC Corporate Plan outcomes and with S Notts CDRP framework; improve communication of progress towards outcomes.</li> <li>• Explore introduction of new performance management system, for application within the Council and across partnerships if appropriate.</li> </ul>	CPA pilot report	Head of Cabinet Office	Partnership framework - in place by summer 06. Further development of relevant linkages by March 07. Gedling system – secure funding by March 07. If approved, provisional live date April 08.	Partnership framework in place Aug 06 and work in progress to ensure relevant linkages are made. Funding request submitted for Gedling system and initial work on options started.

- (1) – Improvements suggested in Use of Resources assessment are set out in Annex 1
- (2) - Improvement themes reported in CPA Pilot are set out in Annex 2
- (3) - Equalities related tasks link to previously agreed Improvement Task to progress towards Level 2 of Local Government Equality Standard included in 2006/07 Budget/Service Plan.



## Annex 1

### Improvements suggested by Audit Commission in Use of Resources assessment report

Theme	Current score	Improvement required
<b>Financial Reporting</b>	3	<ul style="list-style-type: none"> <li>• Produce a set of accounts free of non trifling errors</li> <li>• Improve further the completeness of final accounts working papers so that all are available including those from departments. A fully electronic set may be a solution.</li> <li>• Carry out formal consultation on the need for summary accounts or annual report that are intelligible to members of the public.</li> </ul>
<b>Financial Management</b>	3	<ul style="list-style-type: none"> <li>• Publish medium term financial strategy in a user friendly format on the website.</li> <li>• Amend the medium term financial strategy to describe in financial terms joint plans agreed with partners and other stakeholders*.</li> <li>• Consider need for fully accrued financial monitoring reports on a quarterly basis including appropriate revenue account and balance sheet items#.</li> <li>• Improve reporting of the results of performance measurement and benchmarking to stakeholders where relevant (re asset base).</li> </ul>
<b>Financial Standing</b>	2	<ul style="list-style-type: none"> <li>• Produce monitoring information that evaluates the effectiveness of recovery actions, associated costs and the cost of not recovering debt promptly.</li> <li>• Monitor the opportunity costs of maintaining levels of reserves and balances and compare these with the benefits accrued.</li> </ul>
<b>Internal Control</b>	3	<ul style="list-style-type: none"> <li>• Update the risk management strategy.</li> <li>• Submit reports to the member committee with responsibility for risk management at least quarterly and take appropriate action to ensure that corporate business risks are being actively managed, including reporting to full Council at least annually.</li> <li>• Nominate a senior officer and member to jointly champion and take overall responsibility for embedding risk management throughout the Council.</li> <li>• Implement the planned review of the audit committee's terms of reference and repeat on an annual basis, taking into account governance developments and how it integrates with other committees within the Council.</li> </ul>

Theme	Current score	Improvement required
		<ul style="list-style-type: none"> <li>• Demonstrate that a strong counter fraud culture exists across all departments and the risk of fraud and corruption is specifically considered in the Council's risk management process.</li> </ul>
<b>Value-for-Money</b>	3	<ul style="list-style-type: none"> <li>• Monitor success of existing measures to improve control of the capital programme.</li> <li>• Set "achieving vfm" as an explicit personal target in the appraisal system for senior managers.</li> <li>• Improve the degree of engagement by scrutiny councillors with the detailed performance report information.</li> <li>• Quantify the cost impacts arising specifically from the local context if cost efficient to do so.</li> <li>• Improve further accessibility to council buildings and e-government service provision.</li> <li>• Publicise to suppliers the Council's approach to procurement.</li> </ul>

\* - Will consider for future but not felt to be appropriate in current circumstances.

# - Now removed from Key Lines of Enquiry so no longer required. New financial management system will allow for some progress to be made with this.

## Annex 2

### Areas for Improvement identified in CPA Pilot Assessment

- Develop a more strategic and integrated approach to diversity, user focus and human rights to ensure that it can reach all communities at risk of discrimination. This approach should be integrated into the future development of its customer services strategy and customer relationship management system. (To encourage increased engagement with the community and other stakeholders)
- Strengthen member development and clarify overview and scrutiny roles (to ensure robust challenge to policy development, decision making and management).
- Consider realigning finance and service planning and portfolio responsibilities to focus on priorities
- Further develop performance management framework including
  - Comprehensive baseline data and clear outcome targets
  - Improved project management and risk management at an operational level

(Both to ensure the whole organisation is focused to deliver the Council's priorities)

- Undertake some significant work to implement up-to-date HR strategies, policies and practices and monitor them for their effectiveness. (To ensure the Council has the capacity to deliver its ambitions).

The last point was considered to be a particularly high priority for improvement, with consideration to be given to the resource needed to make it happen.

Other issues raised verbally but not included in the final report included observations about clarity of vision.