



Report to Cabinet

Subject: Comprehensive Performance Assessment – Update and Results 2007

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Authors: Head of Corporate Services and Head of Strategy and Performance

1. PURPOSE OF THE REPORT

- To inform members of the Council's latest Use of Resources Assessment (UoR) results.
- To update members on latest developments with regard to future development of CPA.

2. BACKGROUND

Comprehensive Performance Assessment is the main means through which the performance of local authorities is externally assessed at present.

For district councils, CPA consists of: -

- An annual scored assessment of Use of Resources (including Value-for-Money)
- An annual assessment of Direction of Travel
- A fuller corporate assessment, carried out periodically either at the request of the council concerned or by imposition if the performance of the council has significantly deteriorated, informed by analysis of service performance information drawn from performance indicator results and inspection scores

All assessments are carried out independently by the Audit Commission.

Latest Use of Resources and Direction of Travel results for Gedling Borough Council have recently been received from the Audit Commission. These will be reported in full to the Audit Sub-Committee next month (when copies of the full report will be made available to all members) but are summarised here. Progress with the Council's corporate reassessment submission is also included in the report.

Meanwhile the Audit Commission has begun consultation on the planned replacement for CPA, to be known as Comprehensive Area Assessment (CAA), which is to be introduced from 2009. It has also published new Key Lines of Enquiry for Use of Resources assessments to be carried out in 2007. The report summarises the key issues arising from each of these documents.

3. CPA RESULTS

3.1 Use of Resources – The Council has scored 3 out of 4 overall (“performing well”) for Use of Resources in 2006.

This repeats the score secured in 2005 and represents continued good performance overall.

The Council's scores for component parts of the assessment increased in a number of areas, including a score of 4 (the highest possible) for one of the two Value-for-Money elements (the Council narrowly missed scoring 4 overall for Value-for-Money).

This shows that the Council is independently recognised to be using the resources available to it well and managing resources effectively.

A limited number of areas for improvement are identified by the Audit Commission to help the Council to maintain and enhance its performance. Consideration is being given to the appropriateness of these suggestions and the value they might add to the Council's management. Where it is felt they will add value, the tasks will be incorporated in future improvement programmes.

Nationally, only 7 district councils scored 4 overall for Use of Resources – Gedling is one of 131 districts scoring 3. On Value-for-Money, just 3 councils secured the top rating, so Gedling's performance in only narrowly missing out on a 4 represents very good performance comparatively.

- 3.2 Direction of Travel – The Audit Commission has confirmed that the Council’s Direction of Travel is positive in its 2007 Annual Audit and Inspection Letter, published in March 2007.

This assessment draws on results against a range of national performance indicators and the results of any external inspections. It includes assessment of comparative performance over time and with other authorities and performance against targets set by the Council in key areas including recycling, waste collection, planning applications, benefits processing, housing, council tax collection and sickness absence management.

Continued success against this measure depends on continued improvement of these services, ensuring future targets are secured.

The report acknowledges progress made by the Council in its priority areas to improve community safety; to develop facilities, activities and a safe environment for children and young people and to improve the Borough’s appearance. It also acknowledges value-for-money strengths and the Council’s robust plans for future improvement, recognising the successful delivery of improvement priorities.

Concerns are raised that outcomes are not always fully considered at the onset of projects (which makes it difficult to assess whether the objective of the project and its contribution to priorities have been secured), and the Commission also comments on the need for the Council to improve corporate capacity further, referencing to the recently agreed restructuring and transformation programme as important means through which this might be secured.

4. CPA CORPORATE REASSESSMENT UPDATE

The Council was assessed as “Good” in its first CPA corporate assessment in 2003.

It is felt that significant improvements have been made since then and the Council is therefore voluntarily seeking reassessment at the earliest possible opportunity, as previously reported to Cabinet.

The reassessment process requires that the Council submits a case for reassessment to an Audit Commission panel. If the panel accepts that case, corporate reassessment will be scheduled for a future date and will include a full on-site inspection by Audit Commission inspectors.

The Council will submit its case for reassessment to the Audit Commission by the end of May 2007 (the deadline for submission of these documents for June consideration by the panel).

If the panel accepts the case for reassessment, the inspection is likely to take place in early 2008. However, the panel has to give priority to councils whose performance is deteriorating and to those councils currently assessed as “poor”, “weak” or “fair” above those already classed as “good”. Therefore, should the council’s submission not be accepted, it would not necessarily follow that the Commission does not believe the Council has improved.

Further details will be reported to members as they become available.

5. NATIONAL CPA DEVELOPMENTS

- 5.1 **Use of Resources update** – Use of Resources is assessed against a set of Key Lines of Enquiry (KLoEs) published by the Audit Commission. This ensures that all councils are assessed fairly and equitably.

These KLoEs are updated each year to ensure that latest good practice is reflected in them and that continuous improvement is secured. Scoring is formula based and draws on the KLoEs.

The Audit Commission has recently published KLoEs for 2007 assessments, which will start this summer.

A number of previously discretionary elements within these KLoEs are now classified as “must haves”. They include improvements to financial reporting, financial management, financial standing and internal control. Steps have been taken to ensure that measures to address these are in place.

The Commission has also recently consulted on draft KLoEs for 2008 assessments (linked to the transition from CPA to CAA – see below).

Consultation closes on 7 June, but members may wish to access the full consultation document which is available at <http://www.audit-commission.gov.uk/localgovernment/useofresources/downloads/UseofResourcesConsultation-2008assessments.pdf>

Changes being proposed here appear to represent a significant raising of the bar, with all criteria in each category becoming “must haves”. Elements previously required to secure Level 4 are now required for level 3 and the scope of Use of Resources has been expanded to cover issues relating to equality, sustainability, partnership working and procurement in more detail.

If the Council was currently assessed against the revised criteria for 2008 then it would be unlikely that it would maintain its current level 3 status. It is important, therefore, to deliver on the current agreed developments following the assessment for 2006. In addition, the Council will need to consider developing an action plan for further improvements in order to maintain its current level of assessment.

Officers have begun to examine the detail of the KLoE's in the consultation and would suggest the following observations be made in respect of specific enquiries.

Financial Management 2.1 – Level 4

“The Council has produced with its main partners a joint medium term financial strategy which”

- ***quantifies resources contributed by the partners***
- ***is consistent with best practice for financial planning***
- ***is linked to outputs and***
- ***ensures strong accountability between partners and to the public (revised)”***

It is considered that production of a jointly agreed medium term plan with partners is an unrealistic goal. Often our main partners have differing funding arrangements and agreeing a medium term plan suggests that the authority would need the ability to undertake detailed financial assessment of our partners in order to agree the viability and risk in such an “agreed” medium term plan.

Without this such plans would only be a statement of interest, professionally chief financial officers could feel compromised in having to recommend such plans to their respective organisations.

It is felt that at best this KLoE should be adjusted to say:

“The Council has made assessments of its main partnerships in producing the its medium term financial strategy which:

- **quantifies resources contributed by the partners**

- is consistent with best practice for financial planning
- is linked to outputs and
- ensures strong accountability between partners and to the public (revised)

Financial Management 2.2 – Level 4

“The Council uses its property portfolio as a driver and enabler of change in the organisation. It understands the opportunity cost of its property and exploits this to deliver better value for money and benefits for the local community “

Remove first sentence, this adds little value as property assets, along with Finance and Human Resources all need to be considered as drivers and enablers of change. It is difficult to see, therefore, what additional considerations in receipt of financial management are gained by adding this sentence.

Level 4

“The Council integrates the management of its asset base with that of other local agencies to identify opportunities for shared use of property”

The Commission needs to make clear what it means by “integrates the management of its asset base” does this mean consideration and delivery of shared use in the occasional specific property where appropriate or is there an expectation of the shared management of the entire property base. The latter does seem somewhat unrealistic as some properties will be kept for investment purposes only.

Value for Money – 5.2 – Level 4

“The Council has successfully used joint procurement to improve VFM and service standards across a range of key services. The Council has achieved significant efficiencies through adopting a shared service approach with partners across a range of front and back office services”.

It is considered that this statement suggests that shared services is the only or best way in which efficiencies could be secured. This may be the case but other alternative approaches may be equally sound. It is considered that the second sentence should be amended to:

“The Council has achieved significant efficiencies across a range of front and back office services”

If these new proposals are included in the finally agreed KLoEs, the Council will need to make sure that it addresses these new issues if it is to maintain (and ideally enhance) its current Use of Resources assessment score.

5.2 **The Transition from CPA to CAA** – Comprehensive Area Assessment (CAA) will take over from CPA in 2009.

Like CPA, CAA will look to assess and provide assurance that local public services are well run and make good use of taxpayers' money. However, it will also be significantly different to CPA – the key difference will be that it assesses the performance of all services in an area and how the various organisations involved contribute to delivery of key priorities and challenges in an area such as crime, community cohesion, sustainability and public health.

In two-tier areas, CPA is expected to be county-focused, but district councils are likely to be assessed against their contribution as partners to delivery of priorities in their area.

CAA also aims to more effectively join up public service regulation and make this regulation more proportionate and risk-based.

Introduction of CAA is part of the Local Government and Public Involvement in Health Bill currently passing through Parliament. However, the Audit Commission has recently started consultation on moving from CPA to CAA in an initial document which looks at how the transition between the two very different systems might be managed.

The full document is available for reference at <http://www.audit-commission.gov.uk/cpa/cpatransition.asp> .

The document confirms the intention that all local authorities (including districts) will continue to receive an annual Use of Resources and Direction of Travel assessment under CAA. KLoEs for each will continue to be developed, with more criteria likely to become “must haves”, in effect raising the bar to secure continuous improvement (see above re proposed changes to Use of Resources KLoE for 2008). Some criteria currently at level 4 will drop to level 3, and securing level 4 is likely to become increasingly dependent on continual innovation (an innovation which may secure level 4 in one year may not secure that level the following year as the innovation becomes part of established good practice).

The document seeks views on whether districts would wish their annual Direction of Travel assessments to be scored, in line with the practice for upper tier authorities. Officers here believe that that lack of scoring of these assessments at district level is a significant weakness in the current system and would recommend that the Council supports the introduction of scored Direction of Travel assessment for district councils under CAA.

The remainder of the document focuses more on specific issues affecting upper tier councils as part of the transition. It also promises further consultation later in 2007 on citizen/service user engagement; partnership working; cross-sector collaboration; local performance management and Value-for-Money improvements. All are likely to be key elements of the future CAA regime.

6. RESOURCE IMPLICATIONS

The Council will need to ensure that it provides adequate capacity to meet the requirements of CPA and its transition to CAA. This is likely to include capacity to assess and deliver Use of Resources and Direction of Travel improvements identified and to address new requirements in each of these areas currently being proposed in consultation, should those proposals be developed.

If the CPA corporate reassessment bid is successful, the Council will need to ensure that capacity and commitment across all departments is secured to contribute to the self-assessment and to the subsequent corporate reassessment process, most likely in the early part of 2008.

It is too early yet to assess the resource implications of CAA in detail. However, taken as part of the overall Local Government Bill package, it looks likely that councils will be expected to engage fully with emergent Local Area Agreements and to take a lead role in Local Strategic Partnerships (from which local priorities and performance targets will be derived) as these are likely to be the key drivers against which the Audit Commission will assess future performance.

In two-tier areas, districts and counties will need to ensure that they each "have regard" to their respective community strategies - for the Borough Council, this will mean a continued need to engage with and help shape these processes at both county and borough level.

The Council will therefore need to ensure that it at least maintains the current capacity it has to support these initiatives and be ready to review this if required as CAA develops.

7. **RECOMMENDATION**

Members are **recommended**: -

- To note the report, including the latest CPA results
- To indicate in any response to Audit Commission consultation on the transition from CPA to CAA a preference for future district council Direction of Travel assessments to be scored assessments
- To consider and agree any further responses they may wish to make to that consultation and to consultation on changes to Use of Resources Key Lines of Enquiry for 2008.