

Leicester
City Council

WARDS AFFECTED
All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Cabinet

27th June 2005

GOING TO EXCELLENCE

Report of the Assistant Chief Executive

1. Purpose of Report

- 1.1. This report outlines the anticipated changes to the CPA methodology following the CPA 2005 Pilot and subsequent consultation. In addition it outlines the key actions required by the Council to maintain its drive for excellence.

2. Summary

- 2.1. CPA 2005 represents a significant shift from the 2002 methodology, whilst retaining the overall look and feel. Initial analysis identified that it will present significant challenges for the Council not only in continuing its drive for excellence but also in maintaining its current position.
- 2.2. **“CPA 2005 is qualitatively different from the previous version and many people won’t realise that till they are in it. Advance warning of that would be helpful.” CPA Pilot.**
- 2.3. Given this challenging environment and the principle of continuous improvement underpinning the new methodology any decision to focus the organisation on simply maintaining its current rating of **Good** will carry a significant risk of the Council slipping backwards.
- 2.4. The main changes are:
- **use of information**, with a wider range of information on performance, including minimum standards to replace reliance on inspections based around four cross cutting shared priorities:-
 - sustainable communities and transport;
 - safer and stronger communities;
 - healthier communities; older people;
 - children and young people.
 - **a rules based approach**, rather than adding up scores. This will apply within the corporate assessment, and also to the make-up of the overall CPA score.
 - **partnerships** – a much greater focus on working through partnerships.

- **Use of Resources assessment - this** will be a much more rigorous assessment and incorporate VFM and efficiency .
- 2.5. In reality these are interrelated and interdependent. An efficient organisation is more likely to achieve its targets whilst effective partnerships will help us to achieve shared targets and achievement of shared targets is likely to lead to partners having a positive view of their relationship with the Council.
- 2.6. To deliver improved performance and in anticipation of these changes a number of initiatives have been introduced, including the Corporate Plan, Performance Reporting and revised Service Planning, which will need to be further progressed to ensure our drive for excellence. The main areas for development are
- Aligning our planning structure around the four shared priorities of the CPA
 - Service planning that drives the identification and implementation of actions, projects and budget allocation to achieve our key targets both for the CPA and locally.
 - A performance reporting framework which allows for ongoing in year monitoring and evaluation of achievement by managers with a strategic overview by Corporate Directors, Scrutiny Committees and Cabinet.
 - The formalisation, by updating the Partnership Working Guidance (1999), of the Council 's partnership arrangements and practices. This will involve regular monitoring and evaluation of effectiveness in the context of Local Area Agreements and the Voluntary and Community Sector Compact.
 - The response to the Gershon and Annual Efficiency agenda.

3. Recommendations

3.1. Cabinet is recommended to

- 3.1.1. Confirm the commitment to achieving excellence in service delivery and external assessment.
- 3.1.2. Ask the Chief Financial Officer to develop a Corporate Efficiency Strategy, to incorporate value for money assessments, in the Revenue Budget Strategy 2006/09.
- 3.1.3. Ask Corporate Directors to develop a Departmental Efficiency Strategy in each Departmental Review Strategy 2006/09.
- 3.1.4. Agree the performance reporting framework identified in the supporting information to this report at 1.8.2.
- 3.1.5. Agree to a review of the Council 's Partnership Working Guidance (1999).
- 3.1.6. Support the revision of the Corporate Plan around the four shared priority themes.

4. Headline Financial and legal Implications

NB. Legal implications need to be completed by Legal Services

4.1. Financial Implications

- 4.1.1 The revised methodology includes a much more robust assessment of the Council's financial management processes with a particular emphasis on value for money. This is in line with the Government's stated agenda on efficiency following the

Gershon report. This will act as a driver for the Council's own Efficiency Strategy which is being developed and which will form a significant element in future budget cycles.

Jon King, Senior Accountant, Ext 7433.

4.2. Legal implications

- 4.2.1. Since its introduction in 2002, local authorities have been subject to inspection under the Comprehensive Performance Assessment (CPA) regime. The inspection is undertaken by the Audit Commission, which ranks the authority as “excellent”; “good”; “fair”; “weak” and “poor”.
- 4.2.2. The statutory framework for CPA is now contained in ss.99 and 100 of the Local Government Act 2003. The Audit Commission is required to produce a report on its investigations in relation to the performance of authorities. It is further required to categorise authorities according to how it has performed its functions, in accordance with the ranking set out in paragraph 1.1 above.
- 4.2.3. Section 100 of the 2003 Act, sets out a range of specific powers that may be exercised by the Secretary of State for making provisions in relation to an authority framed by reference to a particular category of authorities, such as limits on freedoms or flexibilities to high-performing authorities only.
- 4.2.4. The changes to the CPA proposed by the ODPM, “Strong Quality Leadership and Public Services”, are envisaged to include placing greater emphasis on councils' important role as community leaders. As part of the corporate assessment, councils will be judged on their performance against the previously agreed shared priorities between central and local government of:
 - Sustainable communities and transport
 - safer and stronger communities
 - healthier communities
 - older people
 - children and young people.
- 4.2.5 The Council will therefore need to ensure that its policies and procedures correspond with the performance requirements as outlined in these proposals or in any revised proposals that are introduced.

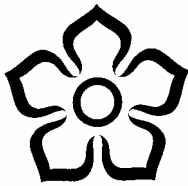
John McIvor, Legal Services Ext 7433.

5. Report Author/Officer to contact:

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DECISION STATUS

Key Decision	No
Reason	
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)



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SUPPORTING INFORMATION

1. REPORT

1.1. Use of Information

- 1.1.1. The CPA would be looking for actual achievements – outcomes on the ground – in each of a group of cross cutting areas (a cut down version of the shared priorities agreed between central and local government). These areas are: sustainable communities and transport; safer and stronger communities; healthier communities; older people; and children and young people (assessed through the Joint Area Review). The key lines of enquiry will be asking what have Council s done with their partners to identify and meet needs in each of these areas.
- 1.1.2. There have been concerns from many authorities on how these areas are judged, particularly when it often takes many years to produce successful outcomes, with potentially no credit for good work in the meantime. Some authorities are also concerned about the ‘double jeopardy’ from the overlap of assessment of services and the achievement of shared priorities.
- 1.1.3. Joint Area Reviews (JARs) cover all services for children and young people provided or commissioned by the Council as well as health and youth justice services. The aim is to closely tie in JARs with CPA. It is understood that there are to be three joint inspection pilots in the spring. Corporate assessment will provide the strategic findings about the Council for the JAR. The Ofsted and the Commission for Social Care Inspection (CSCI) annual performance assessment will form the service block for children and young people in CPA 2005.
- 1.1.4. It is still unclear how issues of cultural diversity are to be taken into account in the process. Clearly the corporate equality standard will remain as a key PI. Sustainable communities and/or safer stronger communities may have key lines of enquiry reflecting concepts of community cohesion as opposed to the more traditional approaches of green and clean or crime and community safety. Health inequalities are likely to feature in healthier communities and equality should feature

strongly in the JAR's. Leicester along with other similar authorities may need to take a lead in challenging how a holistic judgement can be made. Locally effort may be required to ensure the Council's equality strategy and equality standard work aligns with the CPA methodology to enable the easy transfer of evidence and data.

1.1.5. There are likely to be fewer inspections in future, and in the past these were a big source of information for the service scores. That means there will need to be more reliance on other sources of information – BVPIs, other indicators, user satisfaction information, the views of other bodies (e.g., in culture it could be regional arms of Sport England, the Museums, Libraries and Archives Council (MLA) and the Arts Council).

1.1.6. The Commission wants to move away from the relative rankings that comes from using quartiles (which means absolute improvements in performance are not always recognised). A possible approach will be to set performance levels for minimum and exceptional standards against particular indicators and then determine a score of one to four based on the number of pass or fails. CPA 2005 makes widespread use of self-assessments. It will take time to develop the new approach, so interim arrangements will continue to use inspections. The CPA 2005 introduces what are popularly termed 'killer performance indicators'. These will serve to make the CPA less 'biddable'. Councils will be expected to show continuous improvement across a range of major indicators in a way that is consistent with the purpose of the CPA. Councils will be much less able to let performance slide in one area knowing that CPA Excellent can still be won by increasing resource and performance in another.

1.1.7 In addition, given the multiplicity of performance management doctrines and initiatives now emerging that point Councils toward greater openness and public accountability (see in particular, 'Securing Better Outcomes: Developing A new Performance Framework' HM Treasury/ODPM, 2005) engagement with members on key performance issues is added to the much increased focus on performance data in the new CPA. There is a strong emphasis on continuous improvement and this is evident in the raised standards implicit in the new CPA framework. For example, the Corporate Director of Housing drew attention to the raised expectations in his report "Housing Benefit Progress Report – April 2005 and the short timescale in which to revise improvement plans".

1.1.8 To meet the requirements above the Council will need to move to quarterly performance reporting on key indicators with reports going to the appropriate scrutiny committees. On a regular basis there will need to be a strategic overview and assessment of performance by Corporate Directors' Board, REOPS and Cabinet.

1.2. Rules Based Methodology

1.2.1 The current system of points being awarded for elements of the corporate assessment and service ratings, the sum of which is used to place the Council in its CPA category is being replaced by a rules matrix as set out in Appendix 1.

1.3. Partnerships

1.3.1. The new CPA will 'assess the performance of the Council in leading and influencing communities, local partnerships and other local agencies, with a focus on what difference Councils are making to local places and people'.

1.3.2. The assessment will mainly be achievement based and will feature primarily in the corporate assessment. Because, though, partnership working is a major part of what the Council does, it runs through the CPA and features variously in the service block scores and the four priority areas.

1.3.3. In order to achieve Excellence the Council must *exceed* these general standards:

- Achieve high quality research and consultation that are routine, enabling the Council to make accurate decisions on local needs
- Make sure that community ambitions (including those of marginalised and minority groups) are understood through regular consultation and that information gathered is used to build on and help realise those ambitions
- Show that the Council is self-aware and realistic, knows how it is performing, and takes decisions in 'the light of national, regional and local policy priorities and needs'.
- Have robust priorities and overarching strategies that exist in harmony with actual capacity (that the Council knows what it is doing, why it is doing it, can prove need, ability to deliver, and agreement with partners and communities over priorities and means).
- In effect, this means that the Council has to be consistent strategically within partnerships, demonstrably in touch with the needs and views of local people, and making the obvious commitments in terms of time, resource and leadership necessary to be seen as engaged and effective in the eyes of partners.

1.3.4. It follows that consistency within and across strategies is crucial, as is the management of performance and routine upkeep of those strategies, as is community satisfaction and rapport, and as are the basics of attendance, participation, negotiation and co-operation with partners needed to make the strategies and partnerships work.

1.3.5. We would likely fail to achieve Excellence based on current practise were the Council to face a corporate assessment in 2005 because:

- The CPA does not differentiate between or prioritise partnerships – all are deemed equal. Unless the Council achieves excellent standards of consultation, participation, and so forth, across the board, our CPA result will not be excellent.
- Even if 95% of what we do is very good or excellent, the CPA score is vulnerable to our worst performance. Ironing out inconsistencies and agreeing common standards and approaches will help prevent good work in one partnership being wiped out by less good work in another.
- In the context of 'Excellence' we would need to attain the very high levels of performance described in the current 'Key Lines of Enquiry'. Setting a lower common standard would obviously not be consistent with achieving excellence.
- The usual issues of data capture, use, target management, and strategy review exist here also. We must be in a position to demonstrate how the Council knows that it is performing well in partnerships (for example, by regularly inviting feedback from partners on our performance). We must also show how the partnerships are performing and what we do to make that performance better.

1.3.6. Establishing an accurate (fact based) picture of current practice and how this fits against the most recent 'Key Lines Of Enquiry' will help us to identify those gaps and shortcomings in practice, system, knowledge, and so on, that will need to be addressed as we move to achieving excellence in partnerships for CPA.

1.4. 1.4. Use of Resources (including Value for Money)

1.4.1. The Use of Resources block is to provide a significantly more rigorous assessment than before, and will be tied in with the efficiency agenda. The judgement will cover financial planning and management, internal controls and financial standing. There will also be a value for money judgement, judged from a community-wide rather than individual service perspective. The annual audit will provide the work for this judgement. The value for money judgement will be based around a self assessment exercise (the first of which will require to be submitted by the end of July 2005) using profiles of expenditure levels provided by the Audit Commission. In essence the assessment will need to justify our spend on services relative to that of our nearest neighbour (i.e. comparable) authorities, and detail our strategic approach to achieving VFM. This assessment should also provide the annual efficiency statement required for Gershon reporting.

1.4.2. Efficiency and value for money have been strengthened in the CPA following the announcement of Gershon. Each government department is being held to account for measuring actual savings achieved. Efficiency under Gershon should be read as continuous improvement under the CPA it is not just support services. Cutting service is not a bankable saving, doing things better is. Financial planning and management assessments in the CPA should also be viewed alongside the LAA development and will be a measure of how far we are using resources effectively across agencies to meet local community priorities.

- Are we joining up our thinking on CPA, Gershon and LAA's?
- Is service planning and financial planning effectively integrated both across the Council and across key agencies (health, police, regeneration)?
- Are continuous improvement exercises (former Best Value reviews?) being used to meet Gershon requirements?

1.5. Developing the response for Leicester

1.6. Aligning planning to the shared priorities

1.6.1. The Council 's corporate and service planning process must enable judgements to be made about cross service performance in the four shared priorities:

- sustainable communities and transport;
- safer and stronger communities;
- healthier communities; older people;
- children and young people.

1.6.2. To enable this alignment the Community Strategy has been drafted in the context of these four themes related to these 4 shared priorities.

1.6.3. The Council's Corporate Plan runs until 31st March 2006 and therefore needs to be revised. This revision will need to reflect the four shared priority themes plus use of

resources and these therefore need to replace the existing nine key priorities whilst retaining the existing aim and strategic objectives.

- 1.6.4. Impacts and interdependencies in this context will be complex and must be managed to ensure achievement of all P.I.s and especially “killer P.I.s.” Given the complexity an evaluation of software that enables the management and reporting of these links is currently being undertaken. The cost of procuring this software is likely to be over £100,000 to which must be added or subtracted, as appropriate, the increase or decrease in staff time expended on performance reporting. SRG have commissioned a report to enable a decision to be taken on whether to acquire this software. We will aim to integrate performance reporting systems in the Council so that there is no duplication.

1.7. Service Planning

- 1.7.1. The service planning undertaken within the Council and with partners must allow these projects, targets, links, drivers and interdependencies to be identified and managed to ensure the achievement of our P.I.s on which the CPA judgement will depend.
- 1.7.2. The current service planning guidelines have been developed with the Audit Commission to enable us to do this in co-operation with our partners.
- 1.7.3. It is recognised that the introduction of the new approach will be a significant learning experience for the organisation, partners and staff and that the implementation has been difficult. For this reason it must be seen as a stepped approach where we learn from the first year then refine and develop in future years. If the Council is to achieve excellence this process must be fully engaged with at all levels.

1.8. Performance reporting

- 1.8.1. The existing performance management system is being improved to accommodate the known changes and additional performance management software is being considered to increase functionality overall. Integral to this development is the improvement to service planning currently underway to provide robust targets and linkages to ensure achievement.
- 1.8.2. To monitor, evaluate and respond quickly to this data Corporate Director Board have agreed the following reporting framework.
 - Quarterly monitoring report of key indicators by shared priority area, showing progress to date against targets to Corporate Directors Board and Scrutiny Committees. Where necessary these reports should recommend remedial action for failing targets.
 - Full half-yearly reporting on all shared priority areas to Resources and Equal Opportunity Scrutiny Committee and Cabinet.
 - Full reports need to compare current performance against minimum national standards, NRF authorities, DfES statistical neighbours and the Metropolitan authority comparative data.

1.9. Partnership development

1.9.1. In May 04 an exercise to look at partnership working was scoped. The exercise was designed to:-

- clarify the Council 's approach to partnership working;
- improve the effectiveness of partnership working with a focus on improving community outcomes;
- balance the need for a "one Council " approach and a degree of corporate consistency with the need for flexibility at the operational level.

1.9.2. The produce on the exercise was to be a revision of the Council 's "partnership working" guidance and information pack produced in 1999.

1.9.3. For operational reasons it has not been possible to complete this work.

1.9.4. The value of reviewing the partnership guidelines pack has been questioned given the advancing modernising government agenda. Local Area Agreements have been introduced and we are submitting an expression of interest for the second round of the pilots.

1.9.5. There is however still a need to carry out the initial project in the context of this report however resources have not been allocated. It is anticipate that the cost would be £10,000 in this financial year with an ongoing cost of £5,000pa to maintain an overview of our partnership arrangements to ensure a positive assessment for the CPA.

1.10. Use of Resources (Value for Money)

1.10.1. Corporate Directors' Board have sought a specific response to Gershon and Annual Efficiency Statements to build into the Council's Revenue Budget Strategy.

2. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

2.1. Financial Implications

The revised methodology includes a significant focus on value for money which will act as a driver for the Council's own Efficiency Strategy which will have a key influence on future budget cycles.

Jon King, Senior Accountant, Ext 7433.

2.2. Legal Implications

See main report.

John Mclvor, Legal Services Ext 7035.

2.3. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
Equal Opportunities	Yes	Entire Report
Policy	Yes	Entire Report

Sustainable and Environmental	Yes	Entire Report
Crime and Disorder	Yes	Entire Report
Human Rights Act	No	
Elderly/People on Low Income	Yes	Entire Report

3. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

4. CONSULTATIONS

4.1. SRG, 10th May 2005

5. REPORT AUTHOR

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