

# Agenda Item

**Executive Board**

**15 November 2006**

**CPA and PIs**



## The new CPA framework and service performance information

### Summary

A new Comprehensive Performance Assessment (CPA) Framework for District Councils has been announced which means that the Council's CPA status as 'good' would only be considered for change if we requested another corporate assessment because of improved performance or the Audit Commission did so because of deteriorating performance. An array of evidence would be used to decide whether the Council should receive a further corporate assessment but recent indications are that our main weakness lies within the service performance information that the Audit Commission will use as part of the new CPA framework.

A basket of 36 Performance Indicators (PIs) has been selected to judge a district council's service performance and two analyses of the Council's recent and current performance and our improvement over time reveal some areas for concern which the recommendations are intended to address.

This report was initially considered by the Audit and Governance Committee on 26 October 2006.

### Recommendations

- 1) That the Executive Board approves the recommendation of the Audit and Governance Committee that the Board monitors on a monthly basis the 5 PIs listed in section 10.1 in addition to the BVPIs that it monitors currently.
- 2) That the Executive Board notes the resolutions of the Audit and Governance Committee that:
  - a) Internal audit conduct an audit of the processes used to collect data for the 7 HIP PIs in the Audit Commission's PI set as these are either new PIs or PIs that have not been the subject of a recent audit.
  - b) The services listed in Table 1 review the focus of their efforts for improving PIs and re-align their priorities for action on the PIs that could have a detrimental impact upon the Council's status as a 'good' council, most notably those in Table 1.
  - c) Relevant Portfolio Holders, Corporate Directors and Heads of Service explain this shift in priorities to members and staff to make evident the significance of it to the Council.
  - d) Heads of Service sign off the accuracy of the data reported for the PIs they are responsible for at the year-end.
  - e) A programme of PIs for data quality checking by Internal Audit in the spring of 2007 be presented to the next meeting of the Committee for consideration.

#### a) **Reasons for Recommendation**

The recommendations are intended to ensure the continuous improvement of the Council's services.

#### b) **Alternative Options**

Not to approve any or some of the recommendations.

- c) **Risk Considerations**  
A failure to make satisfactory progress in implementing the recommendations may result in the Council being required to undergo a second CPA corporate assessment which could lead to criticism by the Audit Commission. This could also compromise the Council's reputation and budgets.
- d) **Policy and Budgetary Considerations**  
The policy implications of the recommendations are set out in the main body of the report. Most of the financial implications of implementing the recommendations are expected to be met from within existing budgets but, if there are any additional financial implications, these would be brought to the attention of members.
- e) **Date for Review of Decision**  
The essence of the recommendations is that areas of service performance which are poor will be monitored on a regular basis.
- 

## **Main Body of the Report**

### **1.0 Executive Summary**

- 1.1 The Audit Commission recently announced a new Comprehensive Performance Assessment (CPA) Framework for District Councils. This confirmed that the current CPA ratings of five categories from 'excellent' to 'poor' would only change if there is significant evidence of a potential change from the original CPA category. If a council is able to demonstrate significant evidence of improvement, it may request re-categorisation. On the other hand, if the Audit Commission discovers evidence of significant deterioration in a council's performance this could lead to re-categorisation.
- 1.2 Regional panels, to be established by the Audit Commission, will decide whether there is evidence of sufficient improvement or deterioration to justify re-categorisation. If a panel decides that this is the case, a council's recent performance and potential re-categorisation under CPA will be considered through a streamlined version of the corporate assessments that district councils underwent in 2003/04.
- 1.3 As the Council is unlikely to voluntarily seek re-categorisation in the next two and a half years, the greatest danger to our CPA status of 'good' is that the Audit Commission finds evidence of significant deterioration and requests that we undergo another corporate assessment. A range of evidence will be taken into account in determining whether the Council should receive a further corporate assessment but recent indications are that our main weakness lies within the service performance information that the Audit Commission will use as part of the new CPA framework.
- 1.4 A basket or set of 36 Performance Indicators (PIs) has been selected to judge a district council's service performance (see Appendix 1). The Audit Commission has recently assessed each district council against this PI set and produced a PI tool that summarises historic improvement and current performance by the Council. District councils are anxious about the data being used in the PI tool as most of it would be 9-21 months out-of-date when analysed so a more up-to-date representation of our current performance has been prepared by the Policy Team (see Appendix 2).
- 1.5 The Audit Commission's PI tool and Appendix 2 confirms that the Council has some cause for concern over our recent service performance and improvement of it. To prepare for the new CPA framework, including the use of fresh service performance information in assessing whether a council should be subject to a corporate assessment that may lead to re-categorisation, a number of recommendations are put forward for consideration. It is proposed that the Council monitors more PIs on a monthly basis and conducts an audit of the processes used to

collect data for new PIs and PIs that have not been the subject of a recent audit. The most significant proposal is that relevant services should review the focus of their efforts for improving PIs and re-align their priorities for action on the PIs that could have a detrimental impact upon the Council's status as a 'good' council. It is further proposed that relevant Portfolio Holders, Corporate Directors and Heads of Service make clear the importance of this change in priorities to members and staff.

## **2.0 Introduction**

- 2.1 In July 2006, the Audit Commission published a new CPA Framework for District Councils. The new arrangements follow consultation with districts in autumn 2005 and spring 2006 and will run until March 2009.
- 2.2 All 238 district councils will continue to receive an annual use of resources assessment and a direction of travel statement.
- 2.3 In addition, CPA re-categorisation for district councils will follow a two-stage approach:
  - to decide whether or not there is sufficient evidence of a potential category change; and if so
  - to undertake a corporate assessment to determine if a category change is warranted.

## **3.0 The process of CPA re-categorisation**

- 3.1 Re-categorisation of a council's CPA category of 'excellent', 'good', 'fair', 'weak' or 'poor' will only be considered where there is significant evidence of a potential change from the original CPA category. The Audit Commission will only undertake re-categorisation activity in the following circumstances:
  - where a council requests re-categorisation and is able to demonstrate significant evidence of improvement; or
  - where the Audit Commission identifies evidence of significant deterioration in either service or corporate performance which could result in re-categorisation if a further corporate assessment was undertaken.
- 3.2 Where there is no evidence of deterioration in performance, councils will only be considered for re-categorisation activity if they request it.
- 3.3 Decisions about whether or not to undertake re-categorisation activity will be made regionally by Audit Commission panels which will include peer representatives. The regional panels are scheduled to meet every four months to make such decisions. If a panel decides that there is evidence of sufficient improvement or deterioration to justify re-categorisation activity, this will take place through a corporate assessment.
- 3.4 Councils will be given three months' notice of the intention to undertake a corporate assessment and six weeks to prepare a self-assessment.

## **4.0 The streamlined corporate assessment**

- 4.1 The corporate assessment process has been streamlined to make it more proportionate and significantly less resource intensive than those undertaken in 2003/04. The effectiveness of the process has been tested through pilot work. The main changes are:
  - five corporate assessment themes instead of ten (the five themes are ambition, prioritisation, capacity, performance and achievement – the first four each have a weighting of two and achievement has a weighting of seven)

- direct involvement of a council peer in the assessment process
- greater reliance on pre-site analysis to minimise the on-site work
- the introduction of web-based stakeholder surveys, including key partners
- auditor's judgement (now Use of Resources) and Benefits Fraud Inspectorate (BFI) assessments are no longer separate components, although they will be integral to the evidence considered for both the panel decision and any subsequent corporate assessment
- there will be no diagnostic service assessments
- the Key Lines of Enquiry (KLOEs) have been updated and streamlined but map directly across to the KLOEs used for corporate assessments in 2003/04.

## **5.0 The evidence to be used in deciding on re-categorisation**

5.1 In deciding whether or not to undertake a corporate assessment, the Audit Commission will take into account both quantitative and qualitative evidence of improvement or deterioration. The test the regional panels will apply is whether there is a realistic prospect of a change in category if the corporate assessment is carried out. As well as the council's own written evidence which it would be invited to submit, key sources of evidence will include:

- use of resources assessment (scored)
- direction of travel statement
- service performance information summarised to show any changes in performance since 2002/03 and current performance, service inspection scores (if any) and BFI information
- any other relevant evidence of improvement or deterioration such as robust local PIs.

5.2 When presenting the Annual Governance report to the last meeting of the Audit and Governance Committee on 26 September the Audit Commission indicated that the area of most concern to the Council is the service performance information. The rest of this report, therefore, focuses on service performance information.

## **6.0 The service performance information**

6.1 As part of the new CPA Framework for District Councils, the Audit Commission published a set of Performance Indicators (PIs) for assessing service performance which is listed in Appendix 1.

6.2 The PI set for assessing service performance contains 36 PIs, of which:

- 19 are current Best Value Performance Indicators (BVPs) reported annually to the Audit Commission
- 10 are User Satisfaction Survey PIs which are reported every three years
- 7 are Housing Investment Programme (HIP) PIs reported to the Government annually, most of which are former BVPs. (Most of these are referred to as HIP-BPSA [HIP-Business Plan Statistical Appendix] PIs or HIP-HSSA [HIP-Housing Strategy Statistical Appendix] PIs).

6.3 In August 2006, the Audit Commission produced a PI tool summarising improvement and current performance by the Council against the PI set. The PI tool analyses the Council's service performance information in 2004/05 and will be updated annually every January when new audited PI information becomes available.

6.4 An analysis of the Council's performance on the PI set in 2005/06 and our current monitoring arrangements for the 36 PIs appears in Appendix 2. This was carried out by the Policy Team to provide a more up-to-date picture of our current performance.

6.5 The significance given to the analysis of service performance information in determining whether sufficient improvement or deterioration has taken place to warrant a new corporate assessment will depend on the circumstances of the council. When considering service performance information the Audit Commission will give attention to:

- the extent of improvement – what proportion of the PIs are improving;
- the strength of improvement – whether improvement is substantial, or better than expected; and
- the area(s) of improvement – whether improvement is seen in areas of previously weak performance or local priorities.

## **7.0 The 'extent of improvement' by the Council**

7.1 Of the 36 PIs in the Audit Commission's PI set, the extent of improvement between 2002/03 and 2004/05 has been analysed for the Council in 24 of them. The Audit Commission's PI tool reveals that:

- Two (or 8%) of the PIs have been "improving substantially"
- 12 (50%) have been "improving"
- There has been "no change" for 6 (25%)
- One (4%) has been "deteriorating"
- Three (13%) have been "deteriorating substantially".

7.2 For the extent of improvement, the Audit Commission compares the proportion of the Council's PIs which have "improved" or "substantially improved" between 2002/03 and 2004/05 with the "average range" of all district councils. The Council's figure of 58% of PIs improving is above the "average range" of all district councils at 51-53%.

## **8.0 PIs where performance is deteriorating**

8.1 The PIs for which performance was judged to be "deteriorating substantially" are:

- BV 111 Satisfaction of applicants with the planning service
- BV 91 Percentage of population served by kerbside collection of recyclables
- BV 75a Tenant satisfaction with opportunities for participation.

8.2 BV 111 and BV 75a are measured every three years by statutory User Satisfaction Surveys and these are currently being carried out for 2006/07. It is anticipated that planning applicants and tenants will be more satisfied with the planning service and the opportunities for tenant participation respectively than in 2003/04 because of the improvements that have been introduced since then by both services.

8.3 Obviously, with the extension of the kerbside recycling scheme to every household this autumn, the Council will be able to report an improvement in performance from 79% to 100% for BV 91 which would take the Council into the 'best quartile'. Because of this, it is considered that the Executive Board no longer needs to monitor this BVPI every month.

8.4 The only PI for which performance was found to be "deteriorating" is BV 78a, average time (in days) for processing new Benefit claims. Performance for this PI improved in 2005/06 and all the recent indications are that this PI will continue to improve in 2006/07.

8.5 Unfortunately, the audited PIs for 2006/07 will not be available for national comparison until January 2008 so they would not normally be used to measure the Council's extent of improvement as part of this exercise until then. However, the Audit Commission has indicated that the PI tool analysing the Council's service performance information will be

updated as soon as possible in 2007 with the new user satisfaction data generated from the surveys being carried out this year.

8.6 Closer analysis of Appendix 3 reveals that there are two BVPIs which give rise to possible concern at this stage in 2006/07:

- BV 109c Time taken to determine other planning applications - although there was significant improvement between 2004/05 and 2005/06, performance so far in 2006/07 has deteriorated. This PI is being monitored monthly so a close check can be maintained on performance.
- BV 199a Cleanliness of public places - performance at 20% in 2004/05 deteriorated slightly to 21% in 2005/06. It is possible that this is indicative of the local area and the fact that there are many country lanes included in the survey data. National comparison data should therefore be treated with some degree of caution.

8.7 There are also a number of BVPIs which are currently monitored on an annual basis and so it is not possible to identify emerging trends for the current year. It may be that more frequent monitoring would be appropriate for these BVPIs. This point is covered in section 10.1.

8.8 In section 6.2 it was pointed out that there are 7 HIP PIs in the Audit Commission's PI set and some of these show evidence of worsening performance in 2005/06 compared to 2004/05 (see Appendix 3). It is considered that greater significance should be attached to these PIs from now on in terms of the methods of collecting data for them and improving performance. The need to do so is reinforced by the Audit Commission's intention to undertake an inspection of the Housing Service in the autumn of 2007. Ways of addressing these issues are proposed in sections 10.2 and 10.3.

## 9.0 Monitoring arrangements

9.1 The Council revised its monitoring arrangements for BVPIs in 2006/07 and on a monthly basis the Executive Board has been monitoring 17 BVPIs where performance was in the 'worst quartile' or the 'third quartile' in 2004/05 and/or which were deemed particularly important. Only 7 of these 17 BVPIs feature in the Audit Commission's PI set and all are in the 'worst quartile' or the 'third quartile'.

9.2 These 7 PIs are assessed by the Audit Commission's PI tool as being amongst the 16 PIs in the 'worst quartile' or the 'third quartile' in 2004/05. Of the 9 remaining PIs in those two quartiles:

- One is no longer being collected as a BVPI so it can be ignored (BV 185 - Percentage of responsive repairs for which local authority made and kept an appointment).
- Two are monitored quarterly (BV 109a - Time taken to determine major planning applications and BV 175 - Racial incidents with further action).
- Three are monitored annually (BV 63 - Energy requirements of council housing, BV 199a - Cleanliness of public places and BV 82a&b - Recycling and composting performance).
- Two are User Satisfaction Survey PIs which are reported every three years (BV 111 - Satisfaction of applicants with planning service and BV 119d - Resident satisfaction theatres/concert halls.)
- One is not monitored (HIP-HSSA [previously BV 62] - Percentage of unfit private sector homes made fit).

## 10.0 Recommendations

10.1 The Audit Commission's PI set includes roughly half of the current BVPIs and does not tie up with the BVPIs being monitored every month by the Executive Board. It is therefore considered that there should be a closer link between the two, bearing in mind however, that it may not be practical for all such PIs to be monitored on a monthly basis. It is considered that the monthly monitored Corporate Health BVPIs should continue to be checked in this way as they would be used as part of the evidence if the Council had to undergo a corporate assessment. The Strategic Management Team (SMT) has considered which of the PIs in Table 1 that are not already being monitored on a monthly basis should be subject to monthly monitoring for the remainder of 2006/07. SMT identified the following PIs:

- BV 166a - Environmental Health checklist.
- HIP-HSSA (previously BV 62) - Percentage of unfit private sector homes made fit.
- BV 63 - Energy requirements of council housing.
- BV 199a - Cleanliness of public places.
- BV 82a&b - Recycling and composting performance.

10.2 Two of the seven HIP PIs in the Audit Commission's PI set have never featured as BVPIs and, therefore, the methods of collecting them have not been subject to internal or external audit. Although the other five are former BVPIs, it will have been some time since their methods of collection were last audited. Given the worrying findings of the Audit Commission's audit of two BVPIs as part of the recent Data Quality Audit, it is considered that the methods of collection of the seven HIP PIs should each be subject to an internal audit as soon as possible.

10.3 From the earlier commentary on the Audit Commission's PI tool and Appendix 2, it is clear that the services that are responsible for the PIs in the Audit Commission's new PI set, must view the improvement in performance of these PIs as their priority in the near future. Whether the Council's CPA category of 'good' is subject to change is, in the first instance, in the hands of the performance of five services, Environmental Health, Housing, Finance, Planning and StreetScene. The most significant proposal, therefore, is that these services should re-prioritise their focus on improving performance to the PIs in the Audit Commission's new PI set that are set out in Table 1. To demonstrate the importance attached to this shift in priorities, it is considered that relevant Portfolio Holders, Corporate Directors and Heads of Service must spell this out to members and staff.

10.4 The 17 PIs that it is considered that services should prioritise for improvement are set out in Table 1. Most of these have been referred to earlier and those that have not been mentioned feature in the PIs for which the Council's is performing in the 'worst' quartile or the 'third' quartile in 2004/05.

**Table 1: The PIs which it is proposed to prioritise for improvement**

| Service              | PI source and reference     | PI description   |
|----------------------|-----------------------------|--|
| Environmental Health | BV 166a                     | Environmental Health checklist   |
|                      | HIP-HSSA (previously BV 62) | Percentage of unfit private sector homes made fit                        |
|                      | HIP-HSSA section A1 and A7  | Percentage of total private sector homes vacant for more than six months |

|                                    |  |   |
|------------------------------------|--|---|
| <b>Housing</b>                     | BV 63  | Energy requirements of council housing  |
|                                    | BV 66a   | The amount of council house rent we collect based on the proportion of rent owed  |
|                                    | HIP-BPSA section E3 (previously BV 68 – reintroduced as BV 212 from 2005/06) | Average re-let times (in days)  |
|                                    | BV 183a  | The average length of stay in bed and breakfast accommodation of households that are unintentionally homeless and in priority need (in weeks) |
|                                    | HIP section E1b  | Percentage of homelessness acceptances that are repeat applications   |
|                                    | BV 176 (now BV 225)  | Domestic refuge places (Actions against domestic violence [checklist])  |
| <b>Finance</b>                     | BV 78a   | Average time (in days) for processing new Benefit claims  |
| <b>Planning</b>                    | BV 109a  | Time taken to determine major planning applications   |
|                                    | BV 109b  | Time taken to determine minor planning applications   |
|                                    | BV 109c  | Time taken to determine other planning applications   |
| <b>StreetScene</b>                 | BV 199a  | Cleanliness of public places  |
|                                    | BV 82a&b   | Recycling and composting performance  |
|                                    | BV 84  | Tonnage of waste per head of population   |
| <b>Corporate (collected by OD)</b> | BV175  | Racial incidents with further action  |

10.5 When considering this report on 26 October, the Audit and Governance Committee also agreed that:

- Heads of Service should sign off the accuracy of the data reported for the PIs they are responsible for at the year-end.
- A programme of PIs for data quality checking by Internal Audit in the spring of 2007 should be presented to the next meeting of the Committee for consideration.

## 11.0 Conclusion

11.1 Whilst our focus in future should rightly be on the PIs in the Audit Commission's PI set as listed in Table 1, we must not place any less importance on the other BVPIs that we have a statutory duty to measure.

11.2 The importance of continuing to monitor some of the Corporate Health BVPIs because they may be used as part of the evidence in any corporate assessment was emphasised earlier. The same could equally apply to any of the other BVPIs.

11.3 Furthermore, if we "take our eye off the ball" on those BVPIs where our performance is currently in the 'best quartile' or the 'second quartile', we risk our performance not improving and possibly even deteriorating to the level of the 'third quartile' or the 'worst quartile'. If this were to happen, the action proposed in the recommendations would be put in jeopardy.

## Legal Implications

No legal implications to report.

## Financial Implications

No direct financial implications.

## **Consultation on Reports to the Executive**

The Strategic Management Team and Heads of Service have been consulted on this report.

## **Background Papers**

Relevant background information is set out in the two appendices.

Bob Darbourne, ext. 2618  
Policy Manager

Executive Board  
15 November 2006