

Briefing Paper

The Comprehensive Performance Assessment

The Implications for District Councils

July 2003

1. Introduction

The Comprehensive Performance Assessment is part of the government's 'modernisation agenda' for local government. The 1999 and 2000 Local Government Acts established Community Planning and Best Value. Community Planning is designed to set the activities of a local authority in the context of the needs of the community and a partnership response to meeting those needs. Best Value is about service improvement, and has been closely associated with inspection. Best Value inspectors have taken two judgements on a local authority service. First, on the level of performance; and second on the likelihood that the level of service will improve. The concept of the Comprehensive Performance Assessment is that authorities are assessed corporately on this basis. The judgement is used not only to compliment or shame the authorities concerned, but also to determine the level of freedoms and responsibilities that they will have. The comprehensive performance assessments for county and unitary authorities were published in December 2002. The Audit commission is now beginning a rolling assessment of district councils.

2. Comprehensive Performance Assessment – The Rules

2.1 The assessment is carried out with reference to:

- Performance Indicator Data
- Inspection and Audit Reports
- Corporate Governance Assessments and “an element of peer review”

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2.2 The five tiers are:

- Excellent
- Good
- Fair
- Weak
- Poor

2.3 The Audit Commission has outlined its view of an 'excellent' council as being one that is:

- Focusing and prioritising
- Managing strong, focused partnerships
- Making national priorities meaningful for local people
- Making and sticking to difficult budget decisions
- Harnessing these approaches to achieve goals
- Providing high quality services
- Showing effective leadership and management
- Ambitious and well focused
- Managing and targeting its finances well
- Managing cross-cutting community-orientated projects

2.4 In contrast, a 'poor' authority exhibits the following characteristics:

- Inadequate services
- Lack of leadership and managerial capacity
- Unfocused
- Ineffective performance management
- Poor use of resources
- Attempts to improve are failing
- Input of local people ends up in the long grass
- Unlikely to change without external support

3. **Excellent authorities and 'earned autonomy'**

Top performers will be allowed bigger cuts in grant ring-fencing, fewer plans and inspections, extra freedom to trade, more discretion over Best value, freedom to spend income from fines and charges, and exemptions from council tax capping powers.

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Excellent Councils are likely to get:

- The right to targeted rather than ring-fenced grants
- Exemption from reserve capping powers.
- Freedom to use income from fines and to trade.
- Extra plan reductions.
- Discretion over best value review programmes
- Lighter touch inspection.

The 'freedoms and flexibilities' that are relevant to the housing revenue account are as follows:

- Reduced number of plans required – none if an 'excellent' authority
- Public Works Loans Board loans can be cancelled at government discretion
- Eligibility for Arms Length Management Organisation and additional funding

Councils with housing stock are usually looking for additional funding, and this will only be made available to councils that decide to establish an arms length management organisation. Cancelling loans would be likely to benefit authorities that are considering stock transfer, but not those that retain their stock, as reduced repayments would be reflected in reduced housing subsidy.

The 22 Councils that have been assessed as 'excellent' have suggested that they should be given even greater freedoms than the government has offered. They suggest a new interdependent central/local relationship, and see themselves as a 'vanguard' that could test new ideas before they become available to all councils. The extra freedoms sought include:

- A programme of experimentation and monitoring arrangements
- Freedoms to help all councils improve, not just reward excellence
- A fast track to raising more revenue locally
- Local authority representation on 'quangos'
- Putting community leadership on a statutory footing

They feel that organisations including hospitals, primary care trusts, learning and skills councils, police, further education colleges and the employment service should work more closely with councils, possibly through a new legal duty.

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4. 'Poor' authorities and intervention

- 4.1 There will be decisive action from government to deal with poor performing authorities, including transfer of functions to other providers, placing into administration and handing management to a better council.
- 4.2 Reactions to being placed in the 'poor' category varied. A selection follows:

"What we need is time to breathe, but it does not look like we will get that. Some people complain about the pressures of best value performance indicators, but I am not sure it would help us if we had leeway there... What we need most of all is less inspection, and financial assistance for targeted areas of our recovery plan." – Simon Birch, Chief Executive, Swindon Borough Council

"Councils need time and support to deliver improvement. Being a poor council is debilitating. Once you are in the box, it is hard to get out." – Jim Leivers, Chief Executive, Northeast Lincolnshire Council.

"At the moment I am suffering from a bout of delirious optimism – strange you may say for the chief executive of a 'poor' authority. But it is brought on by a feeling that in Coventry we are really motoring. For those of you who have not experienced being an exhibit in a zoo, I can offer my personal testimony as to how it feels."

"The leading members and our new management board are sharing the experience with me. Our challenge is how to prioritise those areas where service standards need radical improvement while not losing the momentum of exciting regeneration projects, ground breaking education schemes and a dynamic Coventry Partnership."

"There is no doubt all of these take on a whole new perspective when conducted in a goldfish bowl." – Stella Manzie, Chief Executive, Coventry City Council

- 4.3 The Secretary of State will be empowered to order intervention based on Audit Commission analysis. It could take one of three forms:
- Transfer of Functions – The council may not even retain statutory or strategic responsibility. Functions could be transferred to another council, a not for profit company or the private sector.
 - Administration – this would happen where there were "persistent financial difficulties with adverse consequences for local people" or "more general corporate failure."

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- External management – Management would be brought in from a high performing council or other public body. This would allow “cross fertilisation” and a greater choice of providers.

4.4 The Inspection regime will be determined by a Council's performance, with authorities that are judged to be 'poor' or 'weak' being the subject of additional and follow-up inspections.

4.5 Following the publication of the assessments for the county and unitary authorities in December 2002, the government identified a need to take specific action with respect to the thirteen 'poor' authorities and two 'weak' authorities with little prospect of improvement. Each of these councils had a specific official assigned to work with them and were obliged to produce a recovery plan. Following publication of these plans the government decided to take no further intervention action for the time being.

5. District Councils

The comprehensive performance assessment for district councils will use a 'lighter touch' methodology than was used with the unitary authorities, and will centre on two diagnostic models – one for housing and the other for public space, along with assessments of benefits and resources and corporate capacity. This will be done through self-assessment. There are two diagnostic models for housing: Balancing Housing Markets, and the Decent Homes Standard. Authorities with stock will focus on the latter while those that have transferred their stock will focus on the former.

The district councils will be assessed through a rolling programme that started in Cumbria and Devon in June 2003, and that will conclude in the summer of 2004. Assessments in the north of England, where the boundary commission is currently considering proposals for local government reorganisation, will be completed by January 2004 so that information on the performance of councils can feed into the boundary commission's deliberations.

The assessment of the corporate and strategic capacity of district councils will consider the ability of the council to:

- Do things pro-actively
- Prioritise and direct resources accordingly
- Balance local and national goals
- Talk to the community
- Reflect and learn

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The diagnostic model for the decent homes standard includes the following themes:

- What is the council trying to achieve in relation to the standard. Does the council know the condition of their housing stock and their compliance with the decent homes standard?
- Is the council delivering its plans to meet the decent homes standard?
- How well does the council monitor its progress and how effectively does this feed into future strategies and plans?

The diagnostic model for balancing housing markets includes the following themes:

- How well does the council understand its housing market, and from its understanding, has the council developed the right proposals to help balance its housing markets?
- What are the council's actions and what outcomes has it achieved in helping to balance housing markets?
- How well does the council monitor its progress and impact in helping to balance housing markets and how effectively does this feed into future strategies and plans?

The diagnostic model for public space includes the following themes:

- How well does the council contribute to the management of the physical environment?
- How does the council help keep the locality clean?
- Does the council work with partners to improve community safety?
- Does the council contribute to activities to positively engage children and young people?

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Copeland Borough Council, in Cumbria, was one of the first councils to experience the comprehensive performance assessment for district councils. The context in which the assessment was carried out included:

- The timescale was tight, with the diagnostic models being revised until only days before the deadline for completion
- Changes to the weightings in the corporate assessment to reduce the weightings of quality of service and investment were made shortly before the deadline for completion
- Copeland Borough Council is balloting tenants on a proposed stock transfer in July 2003
- The assessment was carried out in partnership with a neighbouring authority with Copeland Borough Council looking at crime and disorder across both districts, and the other authority looking at the Local Strategic Partnership across both districts
- There had already been three visits by IDEa peer review teams

There are significant local issues in Copeland – particularly economic regeneration in a geographically isolated area suffering from de-industrialisation and long-term unemployment, and issues relating to nuclear waste reprocessing that is the major economic activity in the borough. It was considered that these local issues were given insufficient weight in the comprehensive performance assessment, while some national issues, such as crime and disorder, were over-emphasised in the local context.

Copeland Borough Council consider that their strengths include:

- Clear, appropriate and challenging ambitions
- Strong and sustained focus on regeneration
- Established partnership working
- Maximisation of capacity
- Changes have been delivered
- Open-ness to challenge and learning
- Investing to improve

However, the following weaknesses were identified:

- Performance Management
- Prioritisation processes
 - Main priorities are identified
 - Numerous secondary objectives are not prioritised
 - Problems are created with capacity to deliver

Eden District Council, also in Cumbria, identified their strengths as follows:

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- Food Inspection
- Housing benefits
- Crime
- Revenues collection
- Staff sickness
- Refuse collection
- Access to buildings
- School visits to the museum

Eden District Council's identified weaknesses were:

- Land searches
- A low proportion of new homes are built on previously developed land
- Speed of dealing with homelessness claims

The on-site inspection at Copeland Borough Council was carried out by a team that included a team leader, a housing specialist (who was a journalist), an environment specialist, a peer reviewer (who was an elected member) and a general inspector. Judgements were made around the 'tri-angular' principle, which means that for a conclusion to be valid, it must be supported by three separate pieces of evidence.

The inspectors organised a number of focus groups as follows:

- Trade Unions
- Backbench members
- Voluntary and community groups
- Parish clerks
- Housing Associations
- Housing staff
- Local businesses
- Residents
- Administrative staff
- Public open space staff
- Transport and urban design representatives
- Chairs of scrutiny committees

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The inspectors attended all meetings that were held during the week that they were on-site. These included:

- Formal executive meetings
- Meeting of the personnel panel
- Meeting between Copeland Borough Council and the parish clerks (held quarterly)
- Joint neighbourhood forum (between county and borough)
- Manager' Group Meeting (held monthly)

There was extensive external interviewing, including the following organisations:

- County Council
- Police
- National Park
- Partners
- Health Authority
- Government Office
- Parish Councils
- Voluntary Action Cumbria
- Youth Council Chairman
- Cumbria Tourist Board
- Disability Forum
- Tenants' Associations
- Whitehaven Development Company
- Cumbria Strategic Partnership
- Local Strategic Partnership

The process was completed according to a tight schedule as shown below:

- 2nd June – Self-assessments returned to audit commission
- 9th June – Inspectors' tour of borough
- 10th June – Inspection week planning meeting
- 16th to 20th June – Inspection week
- 18th & 20th June – Interim feedback
- 23rd June – final feedback
- 30th June – Deadline for response to feedback

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The final feedback does not include the final assessment, but does include individual scores. In the case of Copeland, there was a perception at the council that the inspectors had 'double' and 'triple' counted weaknesses where these could be said to affect more than one of the themes of the assessment. It was also believed that the inspectors had taken too little account of local circumstances and priorities. It is understood that Copeland Borough Council will appeal against the final feedback that has been received.

The next steps in the process are:

8th August – Audit Commission moderation

15th August – Draft report issued

- Formal response from Council
- Further moderation if required

26th September – Final report issued

3rd October – Start of improvement planning

10th October – Final report published

Copeland Borough Council was able to draw the following conclusions from this experience:

- The submission is important, but does not address everything
- What happens during the inspection week is more important
- There is a national framework – the inspectors will not go outside it, but they will refer to the local agenda
- There is a need to demonstrate outcomes rather than process

The lessons that Copeland Borough Council learned from the process include:

- Councils should try to get the inspectors to recognise the local agenda
- The inspectors should be taken on a tour!
- The inspectors should be 'looked after'
- Effective partnerships need to be emphasised
- Councils should not be passive. They should lead the process.

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6. The Housing Service

Best Value Inspectors have tended to judge that the housing service is not as good as other local authority services. According to the audit commission, only 3% of housing services are 'excellent', while 18% are 'good', 64% 'fair' and 15% 'poor'. District authorities are judged to be worse on average than unitary authorities. Northern authorities achieve lower assessments than in other parts of England – with none achieving the 'excellent' rating. Landlord and community services are usually judged to be worse than strategic services.

Repairs and Maintenance is often judged to be a weakness of the housing service, with common weaknesses including:

- Resources not being allocated to the most appropriate stock
- Planned maintenance programmes are not completed on time and under-spending is common
- There is little control of relatively expensive responsive repair work
- Tenants and leaseholders are not involved as fully as they could be in setting standards and in decision making
- Performance management and the use of basic monitoring information is poor
- Value for money is not obtained when maintenance contracts are let

7. Conclusions

The Audit Commission has published its Comprehensive Performance Assessment for County and Unitary Councils in December 2002. The immediate future of these authorities and the communities that they serve and represent will be affected significantly by the extent of 'earned autonomy' or 'intervention' that follows. The Audit Commission is now 'rolling out' the process to district councils.

A District Council would put itself in a good position to face the comprehensive performance if it did the following in advance of doing the self-assessment for real:

- Ensures that the process is understood by staff, members, tenants and partners
- Engages all those stakeholders in the process
- Prepares a project plan
- Does a dry-run of the assessment
- Prepares a high-level strategy
- Uses advisors and peer groups appropriately

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During the assessment a district council should:

- Not underestimate or overestimate the inspectors
- Treat the inspectors as significant visitors
- Have a clear vision of the council's role that is shared by all members and staff
- Use self-examination and acknowledge weaknesses
- Appoint a specific person to act as project manager
- Understand the methodology
- Not provide excessive documentation

The objective of the exercise should be to demonstrate that the council has the key features of high performance that were identified in the recent Audit Commission publication 'Patterns of Improvement':

- Clear performance management that links the budget and planning to priorities
- People management that harnesses staff energy and skills
- Political leadership focused on change and improvement, which makes and sticks to tough decisions
- Strong community leadership based on a genuinely shared vision
- A robust approach to procurement based on a mixed economy
- A grasp of the local context and of diversity within communities

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