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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM:</b>
<b>DATE OF MEETING:</b>	<b>1<sup>ST</sup> MAY 2008</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF CORPORATE SERVICES</b>	<b>OPEN PARAGRAPH NO: N/A</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>MARTIN GUEST, CORPORATE PERFORMANCE &amp; POLICY OFFICER (8705)</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>NEW PERFORMANCE MANAGEMENT FRAMEWORK</b>	<b>REF: PJJ/CS</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

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## **1.0 Recommendations**

### **1.1 That the Committee:**

- (a) endorses the approach taken in the report to tackle the emerging themes from the new inspection and legislative framework.
- (b) agrees that quarterly performance reports are used to record progress against the appropriate indicators in the new National Indicator.
- (c) agrees for the quarterly performance reports to reflect the focus on the progress against outcomes for local people that is now required.
- (d) supports the approach put forward by the LSP for the production of the 2009/10 Sustainable Community Strategy.

## **2.0 Purpose of Report**

- 2.1 Proposed changes to the inspection and legislative framework for local authorities are currently being introduced and consulted on by the Government and the Audit Commission. This report highlights the key changes proposed for District Councils and the impact on the Council from 2008/9.

## **3.0 Executive Summary**

- 3.1 To meet the objectives outlined in the Council's Corporate Plan a framework needs to be in place to report performance. This framework has been largely developed from national requirements in terms of National Indicators and Comprehensive Performance Assessment (CPA) and the local issues that have emerged from the Community Strategy.
- 3.2 Comprehensive Area Assessment (CAA) is the new performance assessment framework that will replace CPA with effect from 1 April 2009. Its focus will be on the quality of life for local people and how partners are working together to solve problems, improve services, and increase efficiency. We will have to demonstrate that our priorities are based on a genuine understanding of citizen, service user and taxpayer needs.

- 3.3 Councils now have a requirement to involve local people in decisions. This includes the third sector's role in representing specific communities. The third sector are non-governmental organisations that are value driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. They include voluntary and community organisations, charities and housing associations.
- 3.4 Information about the experiences of local people will also carry significant weight under CAA and will be gathered in part from the new bi-ennial Place Survey, which is replacing the tri-ennial BVPI survey. CAA will also assess the quality of involvement of local people, including those in vulnerable circumstances, to check whether their voices are heard and heeded.

#### **4.0 Detail**

- 4.1 Four key sets of proposals have recently been published for national consultation. These are:
- Comprehensive Area Assessment (CAA), which replaces Comprehensive Performance Assessment (CPA) from 2009
  - National Indicators (198 of which replace Best Value Performance Indicators from 2008)
  - Local Area Agreements (LAA) which become statutory from 2008
  - A new 'duty to involve' local groups in the exercise of local authority functions.

Each of these is considered in the following sections of the report.

#### **Comprehensive Area Assessment (CAA)**

- 4.2 In tandem with the new performance monitoring framework, a new structure for assessing and inspecting public bodies is emerging under the banner of the CAA. This will effectively transfer the focus of inspection from individual services and agencies onto partnerships and joint working to achieve effective outcomes for citizens across an area.
- 4.3 The Audit Commission and six other inspectorates are working together to align their approach to inspection and a new regime will be introduced from April 2009. Remote and self-assessment will form a major part of the approach to area assessments, the precursor of the inspection process. In addition the audit of Use of Resources and Direction of Travel, with tightened methodologies will be conducted on an annual basis in the Council.

For district councils there are four key components of CAA, more information can be found on these at <http://www.audit-commission.gov.uk/caa>

- An annual Direction of Travel statement.
- An annual use of resources assessment.
- A joint inspectorate annual area risk assessment.
- Reporting of comparative performance on the new national indicator set.

Some aspects of CAA remain largely the same as in the current CPA system:

## **Direction of Travel**

4.4 This reflects the effectiveness of the Council in driving continuous improvement. It assesses not only the rate of improvement but also the likelihood that improvement will continue. The Direction of Travel assessment will make a significant contribution to the area risk assessment. For District Councils, the Inspectorates are considering whether a joint assessment would be suitable. The proposed changes to the current Direction of Travel methodology are to:

- Provide a scored judgement;
- Reflect the community leadership role of councils; and
- Place a stronger emphasis on partnership working, including with the private and third sectors.

The assessment will continue to focus on the local authority and its contribution to achieving local priorities. Key questions will be:

- How well is the Council delivering improvements?
- What are the prospects for future improvements?

Detailed consultation on the methodology will take place in summer 2008.

## **Use of Resources**

4.5 The Audit Commission is proposing that the current approach to Use of Resources assessments be kept but with an enhanced focus on the achievement of value for money and strengthened financial management. The consultation on this has closed; information is available following this link <http://www.audit-commission.gov.uk/localgovernment/useofresources/>. The main change to Use of Resources for 2008/09 will be to simplify the structure of the assessment from 5 themes to 3. The new themes will be:

1. Managing Money: financial health, financial planning, understanding costs and achieving value for money, financial monitoring and forecasting, and financial reporting.
2. Managing the business: leadership, performance management, commissioning services, risk management and internal control, ethical behaviour and counter fraud.
3. Managing other resources: natural resources, physical assets, people and information technology.

These themes will be brought together into a single scored judgement on value for money (from 1 to 4 as now).

4.6 However, other aspects are new. Principally, this is the introduction of a countywide **area risk assessment**. The risk assessment will focus on priorities set out in the Local Area Agreement, and assess the likelihood of priorities being achieved. It will draw on the CAA judgements, and also look at equalities issues. The risk assessment will take account of individual Councils' performance at District and neighbourhood level, and may make local judgements accordingly.

## **National Indicators and the Place Survey**

- 4.7 The new National Indicator Set of 198 measures covers the Government's priorities and has been arrived at through negotiation between the Government Departments. Data for all these measures will be collected by the appropriate agencies and shared amongst relevant partners, these came into effect from 1<sup>st</sup> April 2008.
- 4.8 The indicator set is focussed on outcomes, mainly relating to how the citizen experiences the work of the public sector. As such it represents a step change from the previous system of Best Value Indicators which were largely output focussed and measured process more than outcome.
- 4.9 Whilst 62 indicators will be reported at a district level, the district council is required to measure 27 of the 198. These 27 relate to Housing, Planning, Benefits and Finance, Environmental Health and Amenities. Almost all of these 27 District Council indicators are new. This means that new data collection mechanisms must be in place for issues such as customer contact, affordable homes and climate change.
- 4.10 An additional source of evidence providing data for the indicator set will be the new Place Survey; more information is available at <http://www.communities.gov.uk/publications/localgovernment/newplacesurvey>. Authorities will be required to carry out this piece of research in place of the previous three yearly Best Value User Satisfaction surveys.
- 4.11 Communities and Local Government (CLG) are expecting to publish the final guidance in late May 2008. Alongside this a decision will be made between the districts and county over how this information will be collected in Derbyshire. The key characteristics are proposed to be a biennial survey with autumn fieldwork (September 2008 to November 2008), and will focus on the satisfaction with the area rather than service and council satisfaction. It is intended that local authorities will pay for the survey work from existing Revenue Support Grant, although in view of the continuing real terms reduction we have seen falling this could appear to be somewhat disingenuous.

## **Local Area Agreements, Sustainable Community Strategies, and Local Strategic Partnerships**

- 4.12 Local Area Agreements (LAAs) and Local Strategic Partnerships (LSPs) are mandatory for each county and unitary authority from April 2008. County and Unitary Councils are responsible for LAAs, but District Councils must also be invited to participate in the process. They must be able to demonstrate how they have taken into account of individual district characteristics and objectives when setting priorities in the County tier's strategy.
- 4.13 The LAA governance structure in Derbyshire will change in 2008. The current four 'block boards' will be replaced with six partnership boards, echoing the main themes of the new LAA as shown in **Appendix 1**. A proposal on revising the structure to deliver a mechanism for the information to also be cascaded back down the chain is scheduled to go to the Derbyshire Partnership Forum on 27<sup>th</sup> June 2008.
- 4.14 A duty to prepare a Sustainable Community Strategy (SCS) applies to District Councils. The Strategy should address social, economic and environmental issues, and an environmental assessment may be required. Once prepared, the SCS must be agreed at full Council. South Derbyshire Local Strategic Partnership (LSP) will undertake extensive consultation with partners and local people during 2008/9 over

the priorities for the SCS and will launch a new one with effect from 2009/10. Local Development Frameworks must also be linked to the SCS, as should housing and homelessness strategies and the crime and disorder reduction strategy.

### **Duty to Involve**

- 4.15 The new duty to “involve local groups in the exercise of local authority functions” comes into force on 1 April 2009. It requires all Councils to inform, consult, engage and involve local persons across all their functions and powers.
- 4.16 Councils will be required to inform people how they can get involved in council functions, and offer them opportunities to do so. As well as feedback, surveys, conferences and forums, councils will need to consider involving local people in the commissioning of services. Local groups may be asked to carry out some services themselves.

### **5.0 Financial Implications**

- 5.1 None directly arising out of the report.

### **6.0 Corporate Implications**

- 6.1 As detailed in the report.

### **7.0 Community Implications**

- 7.1 The implications of the report focus on improving services for local people and being able to evidence the impact of our services and the policies and processes that support these services on outcomes for local people. Partnership working through the LSP will also deliver added value in terms of improved outcomes.

### **8.0 Conclusions/Implications for the Council**

- 8.1 There is a need to focus on outcomes for local people through partnership working. We will need to continue to be self-aware in terms of our strengths and in terms of how we are using what we are good at to shape services and deal with the areas that we need to improve through our Corporate Plan. We need to work as a key partner on the LSP to align our new SCS to the county structure and ensure that with other district council we shape the focus of the countywide SCS.
- 8.2 The number of National Indicators that we now need to collect and report on has been reduced; these are shown at [http://harvey/corporate/organisationaldevelopment/policy/Service\\_Planning\\_2008\\_9/supporting\\_info/NIs\\_CLG\\_APRIL\\_08](http://harvey/corporate/organisationaldevelopment/policy/Service_Planning_2008_9/supporting_info/NIs_CLG_APRIL_08). Lead officers have been identified and guidance has been circulated and the information is being collected with effect from the 1<sup>st</sup> April 2008. These indicators will be reported on through the quarterly performance reports and will be included in Service Plans.
- 8.3 Each Service area will be required to produce a Service Plan for 2008/9 that will incorporate these indicators and will also include the priorities and the key tasks for the year ahead. Service Plans are currently being finalised; the Head of Service will present the key points to the relevant Policy Committee in June 2008.

- 8.4 The targets for the Derbyshire LAA are still to be finalised. Subsequent negotiations have resulted in a revised set of 35 priority indicators and 1 local indicator. Once finalised the county will work with each district to provide information required for the agreed indicators. The latest list of these indicators is shown **in Appendix 2**.
- 8.5 The proposed new structure for LSP is based on the county arrangements and this is shown **in Appendix 3**. A refreshed Action Plan is being finalised for 2008/9. A timetable will then be developed for consultation and to identify the key areas to be addressed as part of this and LSP will review the priorities throughout 2008/9 and launch a new SCS to start in 2009/10.