

**audit 2000/2001****Best Value Audit Report -  
BVPP 2001/2002****South Derbyshire  
District Council**

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**DISTRICT AUDIT**

<b>Reference:</b>	Sderbdc4 BVPP 2001-02.doc PJ/DJW - Final
<b>Date:</b>	29 June 2001

## KEY MESSAGES

### Purpose of report

This is the report that the auditor is required to provide on the Best Value Performance Plan (BVPP) under Section 7 of the Local Government Act 1999. Our statutory certificate and opinion are attached at Appendix 1.

The purpose of the report is to inform Members and the Management Team of key issues and actions arising from the second Best Value audit.

Our work included:

- a detailed follow up of progress against recommendations made in the first Best Value audit
- an assessment of overall progress in relation to Best Value.

### Overall conclusions

The Council's key priority in the last 12 months has been to stabilise arrangements following the recent financial crisis. Given this demanding agenda, we commend the Council for continuing to develop its Best Value approach.

The statutory report attached:

- includes an unqualified opinion on the Performance Plan
- contains recommendations which require a formal Council response
- does not recommend that the Audit Commission should carry out a Best Value inspection or that the Secretary of State give a direction.

### Main findings

The Best Value Performance Plan (BVPP) and the summary were published and distributed according to requirements. Both documents provide a good example of honest performance reporting.

There has been progress on improving data handling systems and accuracy of performance information. However, the Council needs to ensure it does not lose momentum.

The Council is introducing new corporate planning and employee development systems. If this is to be successful, services need to use performance indicators actively to plan work and inform priorities. In addition, Members need to receive relevant performance information.

Application of Best Value principles has continued to improve as a result of guidance and training. However, many staff still do not connect Best Value and routine service delivery. Communication therefore needs to be reviewed.

The review programme has slipped to some extent, but is progressing due to enhancements to project management and accountability. Co-ordination of reviews with other agencies is also developing. However, an inspection of the Sheltered Housing service identified significant weaknesses in the service and the review process which need addressing.

The Council still has a relatively traditional management culture and internal challenge is not well-developed. Arrangements for delivering 'challenge' under Best Value therefore need attention.

### Further information

The Authority will receive detailed background information from the auditor to help move Best Value forward.

## Respective responsibilities of the Authority and the auditors

Under the Local Government Act 1999, local authorities are required to comply with the general duty of Best Value. This requires them to seek continuous improvement in the way in which their functions are exercised.

As part of the process, the Council is required to publish an annual Best Value Performance Plan (BVPP), which summarises its achievements, assesses performance and proposes future actions.

District Audit's role is to report on whether the council has complied with statutory requirements for content and publication of its Best Value Performance Plan. However, we are not required to assess, in depth, the accuracy of the information or the realism of the targets.

## The Best Value Performance Plan

*The full Plan is compliant in all significant respects with statutory requirements. Minor adjustments to content will make it a best practice document.*

*The summary Plan experienced some difficulties with timely distribution. The Authority is already considering how to address this.*

## Resource issues

Officers and Members are to be commended on producing the Performance Plan given this year's resource constraints.

## Compliance and impact of the BVPP

The Council's Best Value Performance Plan is compliant in all significant respects with the requirements of the legislation. Publication and distribution was achieved by 31 March 2001.

The Plan places the Council clearly in context and reports on performance in an honest and transparent way. Minor adjustments to the content would bring it up to best practice standards.

## The summary Plan

The summary is a balanced and informative document. Some minor improvements could be made.

The summary was sent to all addresses in the district and the Council made efforts to provide alternatives for some disadvantaged groups. However, there were some failings in the distribution timetable due to problems with the distributor. The Council is considering ways to deal with this including penalty clauses.

## Recommendations

- R1 Introduce contractual conditions which require the distributor to guarantee delivery of the summary according to exact specifications.*

## Performance management

*The Council's progress on Best Value has been affected by continuing resource shortfalls arising from the financial crisis. New financial controls should begin to stabilise the situation.*

*The Council is introducing a new corporate planning system and the management team is leading by example. However, an integrated performance management system needs to:*

- include Best Value principles within routine service delivery
- involve Members
- link clearly with staff appraisal and development systems.

*Financial planning and budget setting are still relatively traditional. More flexible budget allocation and prioritisation will become increasingly important as actions arise from the review process.*

### Performance management framework

The Council's systems for managing performance are under-developed. Historically the Council has not used performance management as a tool for review, forward planning or setting corporate priorities. The financial crisis has however:

- promoted a more critical appraisal of service delivery and agreement to introduce a corporate planning system
- led to a structured Employee Development and Review system which should help to focus on priorities and invest appropriately in staff skills.

Other improvements are planned for 2001/2002. As part of the system, the Management team should receive timely and relevant reports to inform priorities.

We found some good examples of Members being involved in performance review, though this was not universal. Once the corporate planning process is established, services need to identify:

- key/relevant national and local PIs
- key tasks and delivery dates.

These should be reported to Members in a user-friendly way, linked to key corporate decisions and priorities.

Service planning and budget processes are being aligned more closely. It is important that this process is used to shift resources to priorities rather than being used to bid up service requirements. The Council should:

- establish priorities within and across services
- allocate budgets which are based on this more structured assessment.

### Statutory recommendations

**R2** Introduce an integrated performance management system which links staff appraisal to service plans, corporate plans and wider strategies.

### Other recommendations

- R3** Identify key performance indicators and tasks for each service and report in a user-friendly format to management team and Members.
- R4** Establish priorities within and across services, and use these to help determine financial allocations.
- R5** Assign responsibility for maintaining/quality assuring plans both centrally and at service level.

### Integrating the 4Cs into service delivery

The Council is aiming to integrate Best Value into service delivery by:

- training and development
- briefings and regular communication
- developing corporate planning and performance information
- producing detailed guidance on the 4Cs.

This approach is starting to improve understanding and application. However the Council needs to focus efforts on the following areas.

- **Guidance:** Detailed guidance has been made recently available. Advice on procurement (competition) is planned by the end of the 2001/2002 financial year. Application of the guidance will need to be monitored closely.
- **Communication:** Communications focus on legislative background, process and the reviews. Staff however need to relate Best Value to their day-to-day working.
- **Application:** Detailed guidance on the 4Cs should - when complete - inform both reviews and performance management.

#### Other recommendations

- R6 *Review communication methods to ensure messages promote Best Value as integral to routine service delivery.*

#### Statutory recommendations

- R7 *Formally introduce all detailed guidance on the 4Cs by the end of 2001/2002 financial year and evaluate its application/effectiveness.*

#### Other recommendations

- R8 *Ensure that detailed guidance on applying the 4Cs is integrated into the Best Value Framework Document.*

## Performance Indicators and measurement

An effective performance management system requires timely and accurate performance information.

This year, information held by services and provided in the BVPP has benefited from extra central staff resources. Working papers and systems were generally in better order.

Due to ongoing resource constraints, the further development of performance indicator systems will not progress as quickly as the Council would like. The Council should nonetheless ensure momentum is maintained.

Whilst central co-ordination of PIs has helped improve arrangements, service managers also need to recognise their key responsibility for production and use of performance information.

#### Relative performance of services

We acknowledge the Council's achievement in maintaining the percentage of customers satisfied with services this year.

The BVPP shows the following.

Service area	Targets set	Targets achieved	Target exceeded	Below target
Corporate health	14	5	2	7
<b>Housing</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>
Council tax and Benefits	3	1	1	1
Environment	7	1	2	4
Planning	2	1	0	1
Leisure and Cultural services	2	1	1	0
Community safety/crime	3	0	1	2

Source SDDC Best Value Performance Plan

We have also have compared the Council's performance with other District Councils. The table shows the proportion of indicators:

- with performance in the lower quartile for district councils
- where the Council's actual and estimated performance is deteriorating.

**SDDC COMPARED WITH OTHER DISTRICT COUNCILS**

Service area	No of PIs	% in worst quartile		Percentage Deteriorating to 2000/01
		1999/00 actual	2000/01 estimates	
All indicators	60	25%	22%	58%
Corporate health	16	0%	31%	67%
Housing	17	33%	12%	50%
Benefits	6	0%	0%	100%
Environment	10	25%	30%*	100%
Planning	7	50%	14%	33%
Cultural services	3	100%	33%	N/A

Source District Audit Database

The tables show mixed performance across the board and weaker overall performance in Housing services. The Council is addressing this area with the assistance of District Audit.

Although this analysis is a relatively crude measure of performance, it illustrates the need for the Council to actively use Performance Indicators.

**Statutory recommendations**

**R9** Assign central and service-based accountability for maintenance and improvement of Performance Indicators.

5

## Internal and external challenge

### Managing Best Value Reviews

Monitoring processes have been revised to alleviate slippage and make review leaders more accountable for delivery. Effective project planning and cross cutting reviews need to be developed.

The Council's arrangements for handling the reviews provide a clear and balanced set of roles/responsibilities between Members and officers via:

- direct involvement in the review teams
- the Performance Review Working Panel
- Service Committees, who also monitor implementation of Action Plans.

Slippage is being minimised by direct reporting from review leaders to the Best Value Working Group. A review leader's group also develops and shares knowledge, for instance in relation to project management issues. However, use of detailed project plans is not consistent and this may hamper effective delivery.

We acknowledge the Council's need to rebuild internally before cross-cutting reviews have good foundations. Joint reviews, planned with neighbouring authorities, should provide understanding of tackling wider issues. However, the Council should benefit from adopting full thematic reviews from year 3 of the programme.

### Other recommendations

**R10** Ensure all reviews provide detailed project plans for delivery.

**R11** Introduce cross-cutting (thematic) reviews as early as possible, but not later than year 3 of the review programme.

### Responding to internal and external challenge

The Authority is beginning to develop internal challenge but this needs to be supported by guidance and training. Inspection revealed significant weakness in the level of challenge applied to the review of Sheltered Housing. We believe the Authority would also benefit from external EFQM or other peer assessment in due course.

The Best Value Framework has been welcomed by review leaders. It currently provides only a general list of questions through which to challenge service delivery and performance. A recommendation on integrating the 4Cs' guidance with this document has already been made.

Inspections have so far revealed general accord with our findings on Best Value. In particular, the inspection of Sheltered Housing revealed that:

- the review team failed to identify or challenge weaknesses in operational practices
- the review process itself did not manage to identify these weaknesses.

The Council is responding well to the new Action Plan but needs to consider how to:

- equip staff and Members for 'challenge'
- develop mechanisms which check the veracity of review findings in the short term.

The Council has used internal (trained) EFQM assessors to review corporate health. The Council has generally been reluctant to open itself voluntarily to external scrutiny, though this is developing tentatively through the review programme. The Council might wish to consider an independent EFQM (or similar) assessment in due course, once corporate management systems have been introduced and are starting to bed down.

#### Statutory recommendations

- R12 Invest in further training for Members and officers on applying 'challenge' to the review process.
- R13 Introduce a mechanism for independent 'reality checks' on the reviews.

The Council is receiving a detailed follow up of previous recommendations from the auditor, to help them identify and concentrate on outstanding issues.

#### Other recommendations

- R14 *Ensure that the outstanding recommendations from 1999/2000 are actioned/progressed by the end of 2001/2002 financial year.*

#### Next steps

The Council should respond to the Action Plan attached within 30 working days of 29 June (the date of issue of this report).

The auditor is supplying a separate package of information from the audit to help the Authority move Best Value forward.

### Progress against the audit recommendations from 1999/2000

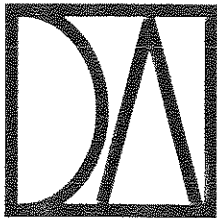
The Council accepted the Action Plan from our audit of last year's Local Performance Plan. Resulting action over the past year has been mixed.

We recognise the Council's difficulty in progressing some of the actions within current resource constraints and the effort which has been made to address Best Value this year.

Best Value Audit Report -  
BVPP 2001/2002  
(Appendix 1)

**South Derbyshire  
District Council**

STATUTORY AUDIT  
CERTIFICATE AND OPINION



DISTRICT AUDIT



**AUDITORS' CERTIFICATE AND  
OPINION ON SOUTH DERBYSHIRE  
DISTRICT COUNCIL'S BEST VALUE  
PERFORMANCE PLAN FOR THE  
YEAR ENDING 31 MARCH 2002**

**Certificate**

I certify that we have audited South Derbyshire District Council's Best Value Performance Plan in accordance with Section 7 of the Local Government Act 1999 (the Act) and the Audit Commission's Code of Audit Practice. We also had regard to supplementary guidance issued by the Audit Commission.

**Opinion**

**Basis of this opinion**

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide an opinion on whether the Plan has been prepared and published in accordance with statutory requirements.

In giving my opinion I am not required to form a view on the completeness or accuracy of the information or the realism and achievability of the assessments published by the Authority. Our work therefore comprised a review and assessment of the plan and, where appropriate, examination on a test basis of relevant evidence, sufficient to satisfy me that the Plan includes those matters prescribed in legislation and statutory guidance and that the arrangements for publishing the Plan complied with the requirements of the legislation and statutory guidance.

Included in the Plan are the Authority's estimates for the year ending 31 March 2001. Actual results for the year are likely to be different from the figures reported, because events and circumstances frequently do not occur as expected, and the differences may be material. To the extent that figures included in the Plan are estimates, our audit work comprised an assessment as to whether the estimates made by the Authority had been properly compiled in all significant respects on the basis of the assumptions stated by the Authority, as at the date at which the Plan was prepared.

Where I have qualified my audit opinion on the Plan I am required to recommend how the Plan should be amended so as to comply in all significant respects with the legislation and statutory guidance.

**Opinion**

Unqualified opinion

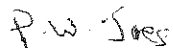
In my opinion, South Derbyshire District Council has prepared and published its Best Value Performance Plan in all significant respects in accordance with Section 6 of the Local Government Act 1999 and statutory guidance issued by the DETR.

**Recommendations on referral to the  
Audit Commission/Secretary of  
State**

I am required each year to recommend whether, on the basis of our audit work, the Audit Commission should carry out a Best Value inspection of the Authority or the Secretary of State should give a direction.

On the basis of our work:

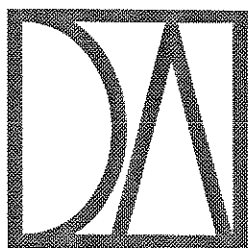
- I do not recommend that the Audit Commission should carry out a Best Value inspection of South Derbyshire District Council under Section 10 of the Local Government Act 1999
- I do not recommend that the Secretary of State should give a direction under Section 15 of the Local Government Act 1999.

<b>DA signature:</b>	 District Auditor
<b>Date:</b>	24/6/01

Best Value Audit Report –  
BVPP 2001/2002

**South Derbyshire  
District Council**

ACTION PLAN



**DISTRICT AUDIT**

Reference:	Sderbdc4a BVPP 2001-02 PJ/DJW - Final
Date:	29 July 2001

The Authority is invited to respond to all our recommendations listed in this Action Plan.

Statutory recommendations, to which the Authority is required to make a formal response within 30 working days, are those in ***bold italics***.

Ref	Issue	Suggested action	Priority 1 = High 2 = Med 3 = Low	Authority's response	Officer responsible	Timescale
<b><i>The Best Value Performance Plan</i></b>						
R1	The distributor of the summary did not recognise the importance of delivery according to the specified timescale. While distribution was still achieved within the requirements of the Act, the Authority needed to take a stronger line in ensuring distribution was guaranteed to meet specifications.	Introduce contractual conditions which require the distributor to guarantee delivery of the summary according to exact specifications.	3	Accepted. Arrangements for the production and distribution of the Summary Plan will be reviewed and strengthened to secure compliance with timescales and other requirements.	Deputy Chief Executive	March 2002

Ref	Issue	Suggested action	Priority 1 = High 2 = Med 3 = Low	Authority's response	Officer responsible	Timescale
<b>Performance management</b>						
R2	The Authority is in the process of introducing a full performance management system. The elements of the system need to be consistently integrated into service delivery and cascade to individual objectives.	Introduce an integrated performance management system which links staff appraisal to service plans, corporate plans and wider strategies.	1	<p>Accepted.</p> <p>A number of building blocks to help the Council to move forward with performance management are being progressed. They include:</p> <ul style="list-style-type: none"> <li>the development of a Corporate Plan to guide the management of the Council in the short/medium term</li> <li>improvements to Service Plans and reporting arrangements</li> <li>making better use of Performance Indicator (PI) data</li> <li>improving links between service and financial planning</li> <li>the implementation of an Employee Review and Development Scheme</li> <li>developing the role of the Council's new Scrutiny Committees</li> </ul> <p>We would expect to report significant improvements to the performance management framework in next years Plan.</p>	Chief Executive	March 2002

Ref	Issue	Suggested action	Priority 1 = High 2 = Med 3 = Low	Authority's response	Officer responsible	Timescale
<b>Performance management (cont)</b>						
R3	Performance against targets is not generally discussed at management team or by Members, or used to inform strategic decisions and priorities.	Identify key performance indicators and tasks for each service and report in a user-friendly format to management team and Members.	1	Accepted. This will be addressed as part of our plans to improve the Service Planning framework. The 'new' plans will be prepared to a standard format, incorporating 'best practice' from other authorities, and will be monitored and reported to the Corporate Management Team and Members on a regular basis.	Deputy Chief Executive	December 2001

Ref	Issue	Suggested action	Priority 1 = High 2 = Med 3 = Low	Authority's response	Officer responsible	Timescale
<b>Performance management (cont)</b>						
R4	Budget setting is becoming more aligned with service planning, but a more structured assessment method would help identify clear priorities and determine which initiatives or proposals needed additional funding to progress satisfactorily.	Establish priorities within and across services, and use these to help determine financial allocations.	1	Accepted. The Best Value Review of <i>Financial Management and Control</i> has established a framework for bringing together service and financial plans. The proposed Corporate Plan (and ultimately the Community Strategy) will be central to the new arrangements. This will be used to guide the service planning processes and stimulate debate on future priorities for the Council. Guidance for assessing bids for new/additional capital and revenue resources will be revised to reflect these priorities.	Chief Finance Officer	December 2001
R5	The Authority has not had forward planning for services before and systems in place need to ensure that they are consistently used and updated as part of the new performance management system.	Assign responsibility for maintaining/quality assuring plans both centrally and at service level.	2	Accepted. This will be done as part of the plans to establish an effective performance management framework for the authority.	Deputy Chief Executive.	March 2002

Ref	Issue	Suggested action	Priority 1 = High 2 = Med 3 = Low	Authority's response	Officer responsible	Timescale
<b>Performance management (cont)</b>						
R6	Best Value has not percolated down through the Authority's structure yet. Staff not directly involved in the review teams have limited knowledge of Best Value, and do not understand its relevance to their day jobs.	Review communication methods to ensure messages promote Best Value as integral to routine service delivery.	2	Accepted. Communication methods will be reviewed by the corporate Best Value Working Group to ensure that members and employees relate Best Value to day to day service delivery.	Deputy Chief Executive	December 2001
R7	<i>The Authority has an overall framework for delivering Best Value but managers are unsure how to put this into practice. Good progress has been made on detailed guidance but this does not yet cover all 4Cs.</i>	<i>Formally introduce all detailed guidance on the 4Cs by the end of 2001/2002 financial year and evaluate its application/ effectiveness.</i>	1	Accepted. <i>Detailed guidance on 'Challenge' and 'Comparison' has already been produced and we intend to strengthen existing advice on 'Consultation' and 'Competition/ Procurement'. Training in the application of this guidance will be provided to review teams and managers (to support performance management more generally.</i>  <i>The effectiveness of the guidance, particularly from a user perspective, will be evaluated towards the end of year 2 of the review programme.</i>	Deputy Chief Executive	March 2002



Ref	Issue	Suggested action	Priority 1 = High 2 = Med 3 = Low	Authority's response	Officer responsible	Timescale
<b>Performance management (cont)</b>						
R8	The Best Value Framework document is an overview of the process and contains general questions by which service managers or review leaders can question service delivery.	Ensure that detailed guidance on applying the 4Cs is integrated into the Best Value Framework Document.	2	Accepted. We will ensure that this detailed guidance is incorporated into the Best Value Framework Document.	Deputy Chief Executive	December 2001
<b>Performance indicators and measurement</b>						
R9	<i>Some services use PIs effectively to review service standards. However across the Board, service managers have not seen PIs as their tools or had a nominated PI coordinator. In some cases this has led to too much reliance on central resources to ensure that PIs are correct.</i>	<i>Assign central and service-based accountability for maintenance and improvement of Performance Indicators.</i>	1	Accepted. <i>Arrangements for collecting and recording PI data have recently been overhauled and there is now greater clarity in terms of roles and responsibilities.  The next stage will be to introduce mechanisms for monitoring and reporting progress and setting targets. This will be done as part of proposed improvements to the Service Planning process. (See also comments for R3 and R4 above)</i>	Deputy Chief Executive	December 2001

Ref	Issue	Suggested action	Priority 1 = High 2 = Med 3 = Low	Authority's response	Officer responsible	Timescale
<b>Internal and external challenge</b>						
R10	Systems in place this year have strengthened accountability. However there has been slippage against the programme and not all review leaders have a structured approach to project management.	Ensure all reviews provide detailed project plans for delivery.	2	Accepted. This is now a requirement for all reviews. Progress against the programme will be monitored by the Best Value Working Group and by Policy Committees.	Deputy Chief Executive	On -going monitoring

Ref	Issue	Suggested action	Priority 1 = High 2 = Med 3 = Low	Authority's response	Officer responsible	Timescale
<b>Internal and external challenge (cont)</b>						
R11	The Authority has a desperate need to rebuild internally before cross-cutting reviews can have firm foundations.	Introduce cross-cutting (thematic) reviews as early as possible, but not later than year 3 of the review programme.	3	Accepted. Work is planned to start on a review of 'e-government' in January 2003. In the meantime, we intend to develop the necessary skills and capabilities in relation to reviews of this nature.	Deputy Chief Executive	January 2003
R12	The inspection of Sheltered Housing revealed that the review team failed to identify or challenge weaknesses in operational practices.	Invest in further training for Members and officers on applying 'challenge' to the review process.	1	Accepted. Supplementary guidance on 'Challenge' has been produced and this will be 'rolled out' out shortly to members and employees. External coaching will support in-house training on the guidance.	Deputy Chief Executive	March 2002
R13	The inspection of Sheltered Housing revealed that the review team failed to identify or challenge weaknesses in operational practices, and the review process itself did not manage to identify these weaknesses.	Introduce a mechanism for independent 'reality checks' on the reviews.	1	Accepted. A mechanism for independent 'reality checks' on reviews will be developed as a matter of priority. This is expected to involve some input from the Council's new Scrutiny Committees as well as assistance from outside of the authority (e.g. from partner organisations, other Councils and consultants.)	Deputy Chief Executive	December 2001

Ref	Issue	Suggested action	Priority 1 = High 2 = Med 3 = Low	Authority's response	Officer responsible	Timescale
<b>Progress against the audit recommendations from 1999/2000</b>						
R14	The Authority accepted our Action Plan from the Best Value audit last year, but progress against the recommendations has been mixed.	Ensure that the outstanding recommendations from 1999/2000 are actioned/ progressed by the end of 2001/2002 financial year.	1	Accepted. Although some progress has been made on most of the recommendations, this work needs to be consolidated and followed through to completion.	Deputy Chief Executive	March 2002